

DECLARATION OF AMY RICHARDSON
PART I

**IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA**

MAXWELL KADEL, et al.,

Plaintiffs,

v.

DALE FOLWELL, et al.,

Defendants.

No. 1:19-cv-00272-LCB-LPA

DECLARATION OF AMY RICHARDSON

I, Amy Richardson, do hereby declare as follows:

1. I am more than 18 years of age, have personal knowledge of the facts set forth herein, and am otherwise competent to testify to the matters set forth herein.
2. I am a partner with Harris, Wiltshire & Grannis LLP, and counsel for Plaintiffs in this matter. I submit this declaration in support of Plaintiffs' Motions for Summary Judgment.
3. Attached to this declaration are true and correct copies of the documents listed in the table below. Entries in the table indicate where documents have been excerpted, or have had highlighting applied to indicate the relevant portions of the document.

4. Sensitive, protected, and/or irrelevant information has been redacted on certain pages of the attached exhibits in accordance with Federal Rule of Civil Procedure 5.2(a) and Local Rule 5.4(a)(3), with black boxes placed over the redacted text.

Exhibit	Description
1	Excerpt of Objs. and Resps. of Defs. Dale Fowell and Dee Jones to Pls.’ First Set of Interrogs., Sept. 3, 2020
2	Am. Objs. and Resps. of Defs. Dale Folwell and Dee Jones to Pls.’ Am. First Set of Requests for Admis., Sept. 29, 2020
3	Excerpt of Am. Resps. and Objs. of Defs. Dale Folwell and Dee Jones to Pls.’ First Set of Interrogs., Oct. 9, 2020
4	Excerpt of Objs. and Resps. of Defs. Dale Folwell and Dee Jones to University Defs’ First Set of Reqs. for Admis. and Interrogs., Feb. 10, 2021
5	Excerpt of Objs. and Resps. of Def. North Carolina State Health Plan for the Teachers and State Employees to Pls.’ First Reqs. for Admis., Interrogs., and Reqs. for Produc. of Docs. and Things, July 9, 2021
6	Excerpt of Def. North Carolina Department of Public Safety’s Resp. to Pls’. First Set of Interrogs., June 18, 2021
7	Excerpt of Def. North Carolina Department of Public Safety’s Resp. to Pls’. First Set of Req. for Admis., June 18, 2021 ¹
8	Composite of excerpts from 70/30 PPO Plan Benefits Booklets, 2016-2021, with yellow highlighting applied to relevant portions
9	Composite of excerpts from 80/20 PPO Plan Benefits Booklets, 2016-2021, with yellow highlighting applied to relevant portions

¹ The title of this document appears to mistakenly refer to “Interrogatories” instead of “Requests for Admission.”

Exhibit	Description
10	Disclosure of Expert Witnesses Who Do Not Provide a Written Report Pursuant to Fed. R. Civ. P. 26(a)(2) by Defs. Dale Folwell, Dee Jones and the North Carolina State Health Plan for Teachers and State Employees, May 1, 2021
11	Excerpt of Dep. Tr. of Dale Folwell
11(a)	Excerpt of Ex. 14 to Dep. Tr. of Dale Folwell, "Financials Update," Oct. 22, 2018, PLANDEF0154431, 0154481-82
12	Excerpt of Dep. Tr. of Dee Jones, Rule 30(b)(6) Designee of NCSHP
13	Excerpt of Dep. Tr. of Dr. Peter Robie, M.D.
14	Excerpt of Dep. Tr. of Becki Johnson, Rule 30(b)(6) Designee of N.C. Dept. of Public Safety
15	Excerpt of Dep. Tr. of Pltf. Maxwell Kadel
16	Excerpt of Dep. Tr. of Pltf. Connor Thonen-Fleck
17	Excerpt of Dep. Tr. of Pltf. Jason Fleck
18	Excerpt of Dep. Tr. of Pltf. Julia McKeown
19	Excerpt of Dep. Tr. of Pltf. C.B.
20	Excerpt of Dep. Tr. of Pltf. Michael D. Bunting, Jr.
21	Excerpt of Dep. Tr. of Pltf. Sam Silvaine
22	Excerpt of Dep. Tr. of Pltf. Dana Caraway
23	Excerpt of Dep. Tr. of Dr. George R. Brown, M.D.
23(a)	Expert Report of Dr. George R. Brown, M.D., DFAPA, entered as Ex. 1 to Dep. Tr. of Dr. George R. Brown, M.D., DFAPA

Exhibit	Description
23(b)	Bibliography to Expert Report of Dr. George R. Brown, M.D., DFAPA, entered as Ex. 14 to Dep. Tr. of Dr. George R. Brown, M.D., DFAPA
23(c)	Supp. Expert Report of Dr. George R. Brown, M.D., DFAPA, entered as Ex. 2 to Dep. Tr. of Dr. George R. Brown, M.D., DFAPA
23(d)	Expert Rebuttal Report of Dr. George R. Brown, M.D., DFAPA, entered as Ex. 3 to Dep. Tr. of Dr. George R. Brown, M.D., DFAPA
23(e)	C.V. of Dr. George R. Brown, M.D., DFAPA, entered as Ex. 5 to Dep. Tr. of Dr. George R. Brown, M.D., DFAPA
23(f)	Corrected bibliography to Dr. Brown's expert rebuttal report, served on Defendants on July 1, 2021
24	Excerpt of Dep. Tr. of Dr. Loren S. Schechter, M.D.
24(a)	Expert Report of Dr. Loren S. Schechter, M.D. (including attached bibliography), entered as Ex. 4 to Dep. Tr. of Dr. Loren S. Schechter, M.D.
24(b)	Expert Rebuttal Report of Dr. Loren S. Schechter, M.D. (including attached bibliography), entered as Ex. 7 to Dep. Tr. of Dr. Loren S. Schechter, M.D.
24(c)	C.V. of Dr. Loren S. Schechter, entered as Ex. 2 to Dep. Tr. of Dr. Loren S. Schechter, M.D.
25	Excerpt of Dep. Tr. of Dr. Randi C. Ettner, Ph.D.
25(a)	Expert Rebuttal Report of Dr. Randi C. Ettner, Ph.D., entered as Ex. 1 to Dep. Tr. of Dr. Randi C. Ettner, Ph.D.
25(b)	C.V. of Dr. Randi C. Ettner, Ph.D., entered as Ex. 2 to Dep. Tr. of Dr. Randi C. Ettner, Ph.D.
25(c)	Bibliography to Dr. Ettner's expert rebuttal report, entered as Ex. 3 to Dep. Tr. of Dr. Randi C. Ettner, Ph.D.

Exhibit	Description
26	Excerpt of Dep. Tr. of Dr. Johanna Olson-Kennedy, M.D., M.S.
26(a)	Expert Rebuttal Report of Dr. Johanna Olson-Kennedy, M.D., M.S., entered as Ex. 1 to Dep. Tr. of Dr. Johanna Olson-Kennedy, M.D., M.S.
26(b)	C.V. of Dr. Johanna Olson-Kennedy, M.D., M.S., entered as Ex. 2 to Dep. Tr. of Dr. Johanna Olson-Kennedy, M.D., M.S.
26(c)	Corrected bibliography to Dr. Olson-Kennedy's expert rebuttal report, served on Defendants on September 24, 2021
27	Excerpt of Dep. Tr. of Dr. Dan H. Karasic, M.D.
27(a)	Expert Rebuttal Report of Dr. Dan H. Karasic, M.D., entered as Ex. 2 to Dep. Tr. of Dr. Dan H. Karasic, M.D.
27(b)	C.V. of Dr. Dan H. Karasic, M.D., entered as Ex. 1 to Dep. Tr. of Dr. Dan H. Karasic, M.D.
27(c)	Corrected bibliography to Dr. Karasic's expert rebuttal report, served on Defendants on September 24, 2021
28	Excerpt of Dep. Tr. of Patrick Lappert, M.D.
29	National Academies of Sciences, Engineering, and Medicine, <i>Understanding the Well-Being of LGBTQI+ Populations</i> (2020), introduced as Ex. 12 to Dep. Tr. of Paul W. Hruz, M.D.
30	Email chain re: "time to talk on Tuesday?," May 27, 2016, PLANDEF0136562-63
31	Email from Lotta Crabtree re: "Coverage for gender dysphoria," July 5, 2016, PLANDEF000076540-41
32	Email chain re: "1557," July 14, 2016, KADEL00152143-44
33	"DST POLICIES AND PROCEDURES, Section 1557 Grievance Procedure," July 15, 2016, PLANDEF0012787-92

Exhibit	Description
34	Email chain re: "Bullet points for the BOT," July 27, 2016, KADEL00136645-46; attachment titled, "Affordable Care Act – Section 1557 Final Rule," KADEL00136650
35	Letter of Agreement with the Segal Company for assistance related to compliance with Sect. 1557, Nov. 1, 2016, PLANDEF0008908-10
36	Memo. to Mona Moon from Segal Consulting re: "Transgender Cost Estimate," Nov. 29, 2016, PLANDEF0006964-65
37	Email chain re: "1557 draft statement" Nov. 29, 2016, PLANDEF0016424-26
38	Email chain re: "Inclusion of Sex Change Surgery on Plan?," Dec. 1, 2016, PLANDEF0007946-48
39	Slides presented to Board of Trustees entitled, "Affordable Care Act – Section 1557 Requirements, Coverage for Gender Dysphoria," Dec. 2, 2016, PLANDEF0006966-89
40	Minutes for meeting of Board of Trustees, Dec. 1-2, 2016, PLANDEF0012810-22
41	Email chain re: "State Health Plan board to cover gender reassignment surgery," Dec. 6, 2016, PLANDEF0007133-40
42	Email chain re: "WUNC: Gender Dysphoria Coverage (noon deadline)," Dec. 8, 2016, PLANDEF0029555-57, email chain with Mona Moon and Brad Young
43	BlueCross BlueShield of North Carolina Corporate Medical Policy, "Gender Affirmation Surgery and Hormone Therapy," Jan. 1, 2017, PLANDEF0008644-52
44	Email from Chris Almberg re: "ACA Section 1557 Compliance Questionnaire," March 30, 2017, with attachment, KADEL00223708-13
45	Email chain re: "Hold Harmless," Aug. 4, 2017, PLANDEF0069016

Exhibit	Description
46	Email chain re: "Medical Policy Development," Sept. 28, 2017, PLANDEF0073378-81
47	Email chain re: "Gender Transition Services Amendment," Dec. 6, 2017, PLANDEF0071731-32; attachment, "Amendment to Third Party Administration Services Contract," PLANDEF0030342
48	Email from Lorraine Munk re: "Message from Treasurer Folwell," Oct. 25, 2018, PLANDEF0028665-66
49	Email from Susan Murray re: "Pharmacy appeals related to gender dysphoria or transgender services," Oct. 25, 2018, PLANDEF0120919-20
50	BlueCross BlueShield of North Carolina Corporate Medical Policy, "Gender Affirmation Surgery and Hormone Therapy," June 2021, KADEL00316786-96

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

/s/ Amy Richardson
Amy Richardson

Exhibit 1

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
Civil Action No. 1:19-cv-00272

MAXWELL KADEL; JASON FLECK;
CONNOR THONEN-FLECK, by his
next friends and parents, JASON FLECK
and ALEXIS THONEN; JULIA
MCKEOWN; MICHAEL D. BUNTING,
JR.; C.B., by his next friends and parents,
MICHAEL D. BUNTING, JR. and
SHELLEY K. BUNTING; and SAM
SILVAINE,

Plaintiffs,

v.

DALE FOLWELL, in his official
capacity as State Treasurer of North
Carolina; DEE JONES, in her official
capacity as Executive Administrator of
the North Carolina State Health Plan for
Teachers and State Employees;
UNIVERSITY OF NORTH CAROLINA
AT CHAPEL HILL; NORTH
CAROLINA STATE UNIVERSITY;
UNIVERSITY OF NORTH CAROLINA
AT GREENSBORO; and NORTH
CAROLINA STATE HEALTH PLAN
FOR TEACHERS AND STATE
EMPLOYEES,

Defendants.

**OBJECTIONS AND RESPONSES OF DEFENDANTS DALE FOLWELL
AND DEE JONES TO PLAINTIFFS' FIRST SET OF INTERROGATORIES**

Dale Folwell and Dee Jones respond to the Plaintiffs' First Set of Interrogatories as follows:

The Plaintiffs have served eleven contention interrogatories upon the Defendants at the beginning of the discovery process. “[M]ost courts agree that due to the nature of contention interrogatories, they are more appropriately used after a substantial amount of discovery has been conducted—typically at the end of the discovery period.” *Sigman v. CSX Corp.*, No. 3:15-CV-13328, 2016 WL 7444947, at *2 (S.D.W. Va. Dec. 27, 2016). As the parties move forward with discovery, the Defendants have every expectation these interrogatories will be supplemented. Currently, however, the Defendants are reviewing more than 11,000 documents that may be responsive to the Plaintiffs’ request for production of documents. Until this process has moved forward somewhat, any answers below are necessarily preliminary. In addition, as discovery proceeds, there may be privileged and confidential information that is responsive to the Plaintiffs’ request, although this cannot be fully discerned at this early stage.

1. Describe in detail the factual basis for each governmental interest that you contend supports the Exclusion.

The Defendants object that this interrogatory is overly broad, premature and calls for privileged and confidential information. The Defendants expect to supplement this answer as discovery proceeds. Health benefit coverage decisions for the State Health Plan must consider the actuarial soundness of the plan along with the health composition of Plan members. For an entity such as the State Health Plan, officials must also consider the effect of funding on plan premiums and the taxpayer subsidies. The decision whether to provide coverage for specific conditions also has a predictive component. Medical treatment sought must be cost-effective and likely to lead to a positive result for the member.

Upon information and belief, the coverage exclusions appear to have been considered at least three times by leadership of the State Health Plan. The Defendants are still conducting discovery as to the basis for the original decision to adopt the coverage exclusion in the 1990s. The Defendants are also still conducting discovery into the decision to suspend the coverage exclusion for the 2017 Plan Year, but, upon information and belief, this decision appears to have been made in order to comply with a 2016 federal regulation. While further discovery will provide clarity, at the time the one-year suspension ended, the

Defendants reviewed the ongoing litigation about the 2016 federal regulation and concluded that this regulation was no longer in effect.

2. Describe in detail the factual basis for each governmental interest that actually motivated the decision to no longer suspend the application of the Exclusion for calendar year 2018.

The Defendants object that this interrogatory is overly broad, premature and calls for privileged and confidential information. The Defendants expect to supplement this answer as discovery proceeds. The Defendants did not act to “no longer suspend the application of the Exclusion.” While further discovery will provide clarity, at the time the one-year suspension of the coverage exclusion ended, the Defendants reviewed litigation involving the 2016 federal regulation and concluded that the regulation no longer required adoption of a second suspension by the Board of Trustees for the 2018 Plan year.

3. Describe in detail all evidence demonstrating that the government interests identified in Interrogatory 2 actually motivated the decision to no longer suspend the application of the Exclusion for calendar year 2018.

The Defendants object that this interrogatory is overly broad, premature and calls for privileged and confidential information. The Defendants expect to supplement this answer as discovery proceeds.

4. Identify each person involved in the decision to suspend the application of the Exclusion for the calendar year 2017.

The Defendants object that this interrogatory is overly broad, premature and calls for privileged and confidential information. The Defendants expect to supplement this answer as discovery proceeds.

Individuals who may have information about this suspension include:

Members of the Board of Trustees of the State Health Plan in 2016. These individuals include Paul Cunningham, Neal Alexander, Donald Martin, Warren Newton, Elizabeth Poole, David Rubin, Margaret Way, Bill Medlin, Charles Johnson, Andrew Heath, and Aaron McKethan.

Former North Carolina Treasurer Janet Cowell.

Employees and former employees of Treasurer Cowell and the State Health Plan. Lotta Crabtree, Mona Moon, Beth Horner, Chris Almberg, Mark Collins, Caroline Smart, Blake Thomas, and Patti Forest.

Exhibit 2

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
Civil Action No. 1:19-cv-00272

MAXWELL KADEL; JASON FLECK;
CONNOR THONEN-FLECK, by his
next friends and parents, JASON FLECK
and ALEXIS THONEN; JULIA
MCKEOWN; MICHAEL D. BUNTING,
JR.; C.B., by his next friends and parents,
MICHAEL D. BUNTING, JR. and
SHELLEY K. BUNTING; and SAM
SILVAINE,

Plaintiffs,

v.

DALE FOLWELL, in his official
capacity as State Treasurer of North
Carolina; DEE JONES, in her official
capacity as Executive Administrator of
the North Carolina State Health Plan for
Teachers and State Employees;
UNIVERSITY OF NORTH CAROLINA
AT CHAPEL HILL; NORTH
CAROLINA STATE UNIVERSITY;
UNIVERSITY OF NORTH CAROLINA
AT GREENSBORO; and NORTH
CAROLINA STATE HEALTH PLAN
FOR TEACHERS AND STATE
EMPLOYEES,

Defendants.

**AMENDED OBJECTIONS AND RESPONSES OF DEFENDANTS DALE
FOLWELL AND DEE JONES TO PLAINTIFFS' AMENDED FIRST SET OF
REQUESTS FOR ADMISSION**

Dale Folwell and Dee Jones amend their response to the Plaintiffs' Amended First Set of Requests for Admission as follows:

In discussions between the parties, the Plaintiffs have agreed to modify, in part, their requests for admission to avoid any ambiguity over the definition of which procedures are, or are not, encompassed within the Plaintiffs' definition of Gender-Confirming Healthcare. With these modifications, Defendants Folwell and Jones have modified their responses to requests for admission #1 through #4, as reflected below.

Request for Admission #1

1. Admit that NCSHP partially or fully covers hormone therapy for some diagnoses.

Response

Admit.

Request for Admission #2

2. Admit that NCSHP partially or fully covers mammoplasty and/or breast reconstruction surgery for some diagnoses.

Response

Admit.

Request for Admission #3

3. Admit that NCSHP partially or fully covers vaginoplasty for some diagnoses.

Response

Admit.

Request for Admission #4

4. Admit that NCSHP partially or fully covers hysterectomy for some diagnoses.

Response:

Admit.

Dated this 29th day of September, 2020.

Respectfully submitted by,

/s/ James Benjamin Garner

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/s/ John G. Knepper

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CERTIFICATE OF SERVICE

On September 29, 2020, I certify that I served this document via email on the following:

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Counsel for Defendants University of North Carolina at Chapel Hill, North Carolina State University, and University of North Carolina at Greensboro

/s/ John G. Knepper

Exhibit 3

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
Civil Action No. 1:19-cv-00272

MAXWELL KADEL; JASON FLECK;
CONNOR THONEN-FLECK, by his
next friends and parents, JASON FLECK
and ALEXIS THONEN; JULIA
MCKEOWN; MICHAEL D. BUNTING,
JR.; C.B., by his next friends and parents,
MICHAEL D. BUNTING, JR. and
SHELLEY K. BUNTING; and SAM
SILVAINE,

Plaintiffs,

v.

DALE FOLWELL, in his official
capacity as State Treasurer of North
Carolina; DEE JONES, in her official
capacity as Executive Administrator of
the North Carolina State Health Plan for
Teachers and State Employees;
UNIVERSITY OF NORTH CAROLINA
AT CHAPEL HILL; NORTH
CAROLINA STATE UNIVERSITY;
UNIVERSITY OF NORTH CAROLINA
AT GREENSBORO; and NORTH
CAROLINA STATE HEALTH PLAN
FOR TEACHERS AND STATE
EMPLOYEES,

Defendants.

**AMENDED RESPONSES AND OBJECTIONS OF DEFENDANTS DALE
FOLWELL AND DEE JONES TO PLAINTIFFS' FIRST SET OF
INTERROGATORIES**

Consistent with the obligations of Federal Rule of Civil Procedure 26(e), Dale Folwell and Dee Jones amend their responses to Interrogatories 6, 7, 8, 9, & 10 of the Plaintiffs' First Set of Interrogatories as follows:

6. Identify each person involved in the decision to no longer suspend the application of the Exclusion for the calendar year 2018.

The Defendants renew their objection that this interrogatory is overly broad and calls for privileged and confidential information.

The Board of Trustees for the State Health Plan did not make a decision to "no longer suspend the application of the Exclusion" in 2017. In December 2016, the Board of Trustees for the State Health Plan voted to suspend the coverage exclusion for the 2017 Plan year only. At the Board's meeting in September 2017, members of the public asked the Board to expand coverage under the 2018 plan to include gender transition treatment. No member of the Board made a motion to implement this request at either the September 2017 or November 2017 meetings. By operation of law, pursuant to the 2016 decision by the Board, the Plan's coverage exclusion was reinstated on January 1, 2018.

As a member of the Board of Trustees for the State Health Plan, Defendant Folwell will have information about the 2017 meetings of the Board of Trustees for the State Health Plan. Defendant Jones, who became the Administrator of the State Health Plan in June 2017, will also have relevant information from that point forward. Other individuals with relevant information would include members of the Board of Trustees in 2017: Peter Chauncey, Kim Hargett, Donald Martin, Aaron McKethan, Elizabeth Poole, David Rubin, Margaret Way, and Paul Cunningham, MD.

Employees of the Office of the State Treasurer who may have information about the 2017 process to determine benefits for the 2018 Plan year would include Andrew Norton (former Deputy General Counsel for the State Health Plan), Sam Hayes (former General Counsel for the Office of the State Treasurer), Chris Farr (Chief of Staff for the Office of the State Treasurer), and Frank Lester (Deputy Treasurer, Communications and Government Affairs for the Office of the State Treasurer).

Finally, to the extent the application of the exclusion beyond the 2017 plan year was discussed prior to Defendant Jones joining the Plan in June 2017, such discussions would have included Mona Moon (former Executive Administrator of the State Health Plan), Lotta Crabtree (former Deputy Executive Administrator and Deputy General Counsel for the State Health Plan), and Caroline Smart (Senior Director of Plan Integration for the State Health Plan).

7. For each person identified in response to Interrogatory 6, describe in detail that person's involvement in the decision to no longer suspend the application of the Exclusion for the calendar year 2018.

The Defendants object that this interrogatory is overly broad and calls for privileged and confidential information.

The State Health Plan's Board of Trustees makes decisions about the benefits offered by the Plan for each Plan year. The Board of Trustees did not decide to "no longer suspend the application of the Exclusion" after the 2017 Plan year. Rather, no member of the Board of Trustees brought forward a motion to suspend the coverage exclusion and thereby offer coverage for gender transition for the 2018 Plan year. The Board did not, therefore, vote on this issue. Each member of the Board of Trustees would have information about why he or she did not make a motion to expand the Plan's benefits as requested by members of the public.

Defendant Folwell, as the Chair of the Board of Trustees, approves the final agenda for each meeting of the Board of Trustees. Defendant Jones, as the Administrator of the State Health Plan, is responsible for developing each agenda and presenting it, along with supporting material, to Board members. Defendant Jones also supervises the Plan employees who notified members of the public about the opportunity to advocate for expanded Plan benefits at the September 2017 Board meeting. These Plan employees gathered material from individuals who wished to provide written information for Board members to review.

Andrew Norton provided legal advice to the Treasurer about the Plan's obligations under Section 1557 of the Affordable Care Act. As the General Counsel for the Office of the State Treasurer, Sam Hayes discussed this legal advice with Mr. Norton.

Ms. Farr and Mr. Lester do not have a direct policy role with regard to the State Health Plan. Ms. Farr was present at 2017 meetings involving Treasurer Folwell and State Health Plan employees as an observer, and Mr. Lester may have discussed policy matters as an advisor to Treasurer Folwell.

Ms. Moon, Ms. Crabtree, and Ms. Smart were responsible for managing plan benefits under the prior administration and may have discussed application of the exclusion beyond the 2017 plan year prior to the transition in the leadership of the State Health Plan.

8. Describe in detail the factual basis for the assertion in the "Statement from Treasurer Dale R. Folwell, CPA, on State Health Plan Coverage of Sex Change Operations," dated October 25, 2018 (Bates stamped KADEL 004060-61), that "[t]he legal and medical uncertainty of this elective, non-emergency procedure has never been greater."

specifically discussing the coverage exclusion with particular individuals, but he believes it is probable this was one of many issues he discussed informally.

10. For calendar year 2017, separately identify the cost of counseling and/or therapy, hormone-related therapy, and surgery for Gender-Confirming Healthcare.

The Defendants object that this interrogatory is overly broad and calls for privileged and confidential information. The Defendants further object to this interrogatory because “Gender-Confirming Healthcare” is not a medical term and because Plaintiffs’ use and definition of the term “Gender-Confirming Healthcare” is otherwise vague, ambiguous, and confusing. The full extent of the benefits denominated as “gender-confirming healthcare” under the Plaintiffs’ theory of the case is not known by the Defendants. The Defendants can only provide information related to expenses incurred by the State Health Plan in 2017.

Blue Cross and Blue Shield of North Carolina has identified \$784,923.28 in billed claims during calendar year 2017 that would have been excluded had the coverage exclusion remained in effect. After reductions for the allowed amount for each charge, and exclusion of non-covered expenses, Blue Cross and Blue Shield reports that gender transition treatment resulted in medical charges of \$504,406.04. Of these charges, the Plan paid \$404,609.26, and other payers (the insured participant or, if applicable, a co-insurer of the participant) paid \$99,796.78.

These figures do not include payments by the Plan’s pharmacy benefit manager, CVS/Caremark, for medications related to gender transition. CVS/Caremark is still working to identify prescription costs that would have been excluded in 2017 had the coverage exclusion been in effect. The Plan will supplement its answer to this Interrogatory when this information is available.

These figures also do not include any costs incurred for coverage of State Health Plan members enrolled in a Medicare Advantage plan. For 2017, United Healthcare administered the State Health Plan’s Medicare Advantage plans, which are fully insured plans. That is, the State Health Plan purchases this insurance coverage for eligible Plan members, but the State Health Plan does not have access to claim information.

Dated this 9th day of October, 2020.

Respectfully submitted by,

/s/ James Benjamin Garner

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/s/ Kevin G. Williams

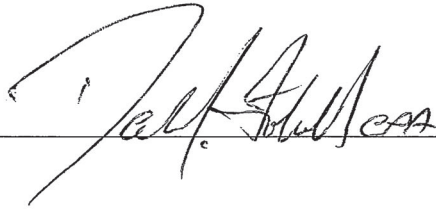
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VERIFICATION

I, Dale Folwell, state that I have read Plaintiffs' First Set of Interrogatories and my answers to those interrogatories, which are true to the best of my knowledge, information, and belief. I declare under penalty of perjury that the foregoing is true and correct.



VERIFICATION

I, Dee Jones, state that I have read Plaintiffs' First Set of Interrogatories and my answers to those interrogatories, which are true to the best of my knowledge, information, and belief. I declare under penalty of perjury that the foregoing is true and correct.



Exhibit 4

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
Civil Action No. 1:19-cv-00272

MAXWELL KADEL; JASON FLECK;
CONNOR THONEN-FLECK, by his
next friends and parents, JASON FLECK
and ALEXIS THONEN; JULIA
MCKEOWN; MICHAEL D. BUNTING,
JR.; C.B., by his next friends and parents,
MICHAEL D. BUNTING, JR. and
SHELLEY K. BUNTING; and SAM
SILVAINE,

Plaintiffs,

v.

DALE FOLWELL, in his official
capacity as State Treasurer of North
Carolina; DEE JONES, in her official
capacity as Executive Administrator of
the North Carolina State Health Plan for
Teachers and State Employees;
UNIVERSITY OF NORTH CAROLINA
AT CHAPEL HILL; NORTH
CAROLINA STATE UNIVERSITY;
UNIVERSITY OF NORTH CAROLINA
AT GREENSBORO; and NORTH
CAROLINA STATE HEALTH PLAN
FOR TEACHERS AND STATE
EMPLOYEES,

Defendants.

**OBJECTIONS AND RESPONSES OF DEFENDANTS DALE FOLWELL
AND DEE JONES TO UNIVERSITY DEFENDANTS' FIRST SET OF
REQUESTS FOR ADMISSION AND INTERROGATORIES**

Dale Folwell and Dee Jones respond to the University Defendants' First Set of Requests for Admission and Interrogatories as follows:

REQUESTS FOR ADMISSION

1. Admit that pursuant to state law, the State Treasurer, the Executive Administrator, and the Board of Trustees of the State Health Plan must administer one or more group health plans for eligible State employees, eligible retired employees, and certain of their eligible dependents that are comprehensive in coverage.

ANSWER: The University Defendants' Request for Admission appears to restate, without change, state law codified at N.C. Gen. Stat. § 135-48.2(a). The Plan Defendants assume that this Request for Admission does not imply a particular interpretation of state law, only that the Plan Defendants admit that North Carolina law imposes such a requirement upon the Plan Defendants. With this clarification, this request is admitted.

2. Admit that the State Treasurer has the responsibility and duty to administer and operate the State Health Plan.

ANSWER: The University Defendants' Request for Admission appears to restate, without change, a portion of state law codified at N.C. Gen. Stat. § 135-48.30(a)(1). The Plan Defendants assume that this Request for Admission does not imply a particular interpretation of state law, only that the Plan Defendants admit that North Carolina law imposes such a requirement upon the Treasurer. With this clarification, this request is admitted.

3. Admit that the State Treasurer, the Executive Administrator, and the Board of Trustees of the State Health Plan are fiduciaries to the State Health Plan.

ANSWER: The University Defendants' Request for Admission appears to refer to the duties imposed by state law upon the Treasurer, the Executive Administrator of the Plan, and the Board of Trustees as codified at N.C. Gen. Stat. § 135-48.2(a). This request may also refer to N.C. Gen. Stat. § 147-69.7, which requires that the Treasurer act as a fiduciary for the funds under his management. The Plan Defendants assume that this Request for Admission does not imply a particular interpretation of state law, only that the Plan Defendants admit that North Carolina law imposes such a requirement upon the Treasurer. With this clarification, this request is admitted.

4. Admit that the State Treasurer has the power and duty to set benefits, premium rates, co-pays, deductibles, and coinsurance percentages and maximums, subject to approval by the Board of Trustees of the State Health Plan.

ANSWER: The University Defendants' Request for Admission appears to restate, without change, a portion of state law codified at N.C. Gen. Stat. § 135-48.30(a)(2). The Plan Defendants assume that this Request for Admission does not imply a particular interpretation of state law, only that the Plan Defendants admit that North Carolina law imposes such responsibility upon the Treasurer. With this clarification, this request is admitted.

5. Admit that state law requires that all eligible new University employees must be given the opportunity to enroll or decline enrollment in the State Health Plan for themselves and their dependents within 30 days from the date of employment or from first becoming eligible.

ANSWER: The University Defendants' Request for Admission appears to restate several discrete requirements of state law. Under N.C. Gen. Stat. § 135-48.43(a)(2), new employees apply for coverage "to be effective on the first day of the month following employment." The provision allowing employees to file their application for health insurance within 30 days after beginning employment is N.C. Gen. Stat. § 135-48.42(a). The authority for University employees to participate in the State Health Plan is N.C. Gen. Stat. § 135-48.40(b). The Plan Defendants assume that this Request for Admission does not imply a particular interpretation of state law, only that the Plan Defendants admit that enrollment in the State Health Plan operates in the manner described. The Plan Defendants further assume that this Request for Admission recognizes that, while 30 days is the requirement under state law, this same law incorporates such exceptions to this requirement as are required by federal law. N.C. Gen. Stat. § 135-48.42. With these clarifications, this request is admitted.

6. Admit that the North Carolina General Statutes do not authorize or empower the University of North Carolina or its constituent universities to purchase at Employer-Cost employee health insurance supplemental to, alternative to, or otherwise differing from the coverage provided by the State Health Plan.

ANSWER: Denied. N.C. Gen. Stat. § 116-17.2 provides authority to the University Defendants for a "plan of flexible compensation to eligible employees of constituent

institutions for benefits available under Section 125 and related sections of the Internal Revenue Code of 1986 as amended.” This authority exists when a benefit is not available under the State Health Plan. The Plan Defendants concede that treatment for gender dysphoria is not available under the State Health Plan, so the University Defendants can use this authority to provide such a benefit to Plaintiffs and others similarly situated. The opportunity to enroll in the State Health Plan is a part of the compensation package provided to state employees. The General Statutes of North Carolina permit the University Defendants to set compensation for employees, so long as this compensation does not provide benefits that are available under the State Health Plan. Treatment for gender dysphoria is not such a benefit, and the Plan Defendants assert that the University Defendants can use existing employment authorities to provide for payment for such services.

7. Admit that neither the University of North Carolina nor its constituent universities have any role or participation in determining plan design of the State Health Plan, the benefits offered, the amount of copays and deductibles, the amount of employer contributions to be paid to the State Health Plan for each covered State employee, or the amount of premiums to be paid by State employees to the State Health Plan for their coverage.

ANSWER: Denied. The University Defendants are both authorized and encouraged to participate in the consideration of State Health Plan benefits by the Board of Trustees at its meetings. Indeed, employees of the University Defendants have communicated to the Board of Trustees about expanding plan benefits, including the benefits at issue in this case. *See, e.g.*, PLAN DEF 49734 (Letter to Board of Trustees from Andy DeRoin, Program Coordinator for the GLBT Center at NC State University).

8. Admit that the neither the University of North Carolina nor its constituent universities have any discretion or ability to determine eligibility and coverage under the State Health Plan.

ANSWER: Denied. The University Defendants sweeping assertion that they lack “any discretion or ability” reflects a view that the University Defendants have no role in the benefit process. As noted in the response to Request for Admission #7, this is incorrect. To the extent that the University Defendants make the more limited assertion that plan benefits and plan premiums are determined by the State Treasurer, subject to approval by the Board of Trustees for the State Health Plan, this more limited assertion is admitted.

Exhibit 5

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
Civil Action No. 1:19-cv-00272

MAXWELL KADEL, *et al.*,

Plaintiffs,

v.

DALE FOLWELL, in his official
capacity as State Treasurer of North
Carolina, *et al.*,

Defendants.

**OBJECTIONS AND RESPONSES OF DEFENDANT NORTH CAROLINA
STATE HEALTH PLAN FOR TEACHERS AND STATE EMPLOYEES TO
PLAINTIFFS' FIRST REQUESTS FOR ADMISSION, INTERROGATORIES,
AND REQUESTS FOR PRODUCTION OF DOCUMENTS AND THINGS**

The North Carolina State Health Plan for Teachers and State Employees responds
to the Plaintiffs as follows:

REQUESTS FOR ADMISSION

1. Admit that NCSHP receives federal financial assistance from the U.S. Department of Health and Human Services, including any of its component agencies.

Response: The Plaintiffs' request does not include a definition of "federal financial assistance," which is a legal term used in § 1557 (42 U.S.C. 18116). The U.S. Department of Health and Human Services has interpreted this phrase twice, in 2016 and in 2020. The validity of these rulemakings is before other federal courts. Whether, and to what extent, the Plan receives federal financial assistance within the meaning of § 1557 is not discernable at this time.

With that qualification, the Plan admits that it receives quarterly payments under the Retiree Drug Subsidy from the U.S. Department of Health and Human Services.

2. Admit that NCSHP partially or fully covers hormone therapy for some diagnoses not related to Gender-Confirming Healthcare.

Response: The Defendant objects to this request because “Gender-Confirming Healthcare” is not a medical term and because Plaintiffs’ use and definition of the term “Gender-Confirming Healthcare” is vague, ambiguous, and confusing. This term is also not a legal term or a term of art used by the Plan when determining whether a healthcare provider will be reimbursed for the cost of covered benefits. At this time, the specific benefits denominated as “gender-confirming healthcare” under the Plaintiffs’ theory of the case is not known by the Defendant, and the Plaintiffs’ definition in this request includes “any healthcare, physical, mental, or otherwise, administered or prescribed for the treatment of gender dysphoria, related diagnoses, or gender transition.” Subject to and without waiving the foregoing objections, after reasonable inquiry, the information known or that can be reasonably obtained by Defendant is insufficient to enable Defendant to admit or deny this request from the Plaintiffs.

With greater particularity, the Plan admits that, under some circumstances, it covers prescription testosterone products for certain FDA-approved treatments. These FDA-approved uses are treatment of chromosomal males diagnosed with primary hypogonadism (congenital or acquired) and hypogonadotropic hypogonadism (congenital or acquired). The Plan also covers “brief treatment with conservative doses” of testosterone for “carefully selected [chromosomal] males with clearly delayed puberty.” Finally, under certain circumstances, the Plan covers prescription testosterone for chromosomal females diagnosed with breast cancer.

The Plan admits that, under some circumstances, it covers prescription Supprelin for the FDA-approved treatment of the diagnosis of central precocious puberty in chromosomal females up to age 12 and chromosomal males up to age 13.

The Plan admits that, under some circumstances, it covers prescription Triptodur for the FDA-approved treatment of the diagnosis of central precocious puberty in chromosomal females up to age 12 and chromosomal males up to age 13.

Upon information and belief after reasonable inquiry, the Plan admits that it covers prescriptions for estrogen for beneficiaries. After reasonable inquiry and upon information and belief, the Plan’s coverage for prescription estrogen does not depend on the member’s diagnosis. Therefore, after reasonable inquiry and upon information and belief, the Plan cannot admit or deny whether it covers the prescription of estrogen for diagnoses related to—or not related to—gender-confirming healthcare.

3. Admit that NCSHP partially or fully covers mammoplasty and/or breast reconstruction surgery for some diagnoses not related to Gender-Confirming Healthcare.

Response: The Defendant objects to this request because “Gender-Confirming Healthcare” is not a medical term and because Plaintiffs’ use and definition of the term “Gender-Confirming Healthcare” is vague, ambiguous, and confusing. This term is also not a legal term or a term of art used by the Plan when determining whether a healthcare provider will be reimbursed for the cost of covered benefits. At this time, the specific benefits denominated as “gender-confirming healthcare” under the Plaintiffs’ theory of the case is not known by the Defendant, and the Plaintiffs’ definition in this request includes “any healthcare, physical, mental, or otherwise, administered or prescribed for the treatment of gender dysphoria, related diagnoses, or gender transition.” Subject to and without waiving the foregoing objections, after reasonable inquiry, the information known or that can be reasonably obtained by Defendant is insufficient to enable Defendant to admit or deny this request as provided by the Plaintiffs.

Upon information and belief, the Plan admits that it covers mastectomies as a treatment for individuals diagnosed with breast cancer. Further, the Plan notes that under the federal Women’s Health and Cancer Rights Act of 1998, certain health plans that provide coverage for a mastectomy must also cover breast reconstruction for that beneficiary. 29 U.S.C. 1185b. The Plan has not identified any statement or other decision to opt out of this federal requirement. Therefore, upon information and belief, the Plan admits that it covers breast reconstruction consistent with the Women’s Health and Cancer Rights Act.

4. Admit that NCSHP partially or fully covers vaginoplasty for some diagnoses not related to Gender-Confirming Healthcare.

Response: The Defendant objects to this request because “Gender-Confirming Healthcare” is not a medical term and because Plaintiffs’ use and definition of the term “Gender-Confirming Healthcare” is vague, ambiguous, and confusing. This term is also not a legal term or a term of art used by the Plan when determining whether a healthcare provider will be reimbursed for the cost of covered benefits. At this time, the specific benefits denominated as “gender-confirming healthcare” under the Plaintiffs’ theory of the case is not known by the Defendant, and the Plaintiffs’ definition in this request includes “any healthcare, physical, mental, or otherwise, administered or prescribed for the treatment of gender dysphoria, related diagnoses, or gender transition.” Subject to and without waiving the foregoing objections, after reasonable inquiry, the information known or that can be reasonably obtained by Defendant is insufficient to enable Defendant to admit or deny this request as provided by the Plaintiffs.

5. Admit that NCSHP partially or fully covers hysterectomy for some diagnoses not related to Gender-Confirming Healthcare.

Response: The Defendant objects to this request because “Gender-Confirming Healthcare” is not a medical term and because Plaintiffs’ use and definition of the term “Gender-Confirming Healthcare” is vague, ambiguous, and confusing. This term is also not a legal term or a term of art used by the Plan when determining whether a healthcare provider will be reimbursed for the cost of covered benefits. At this time, the specific benefits denominated as “gender-confirming healthcare” under the Plaintiffs’ theory of the case is not known by the Defendant, and the Plaintiffs’ definition in this request includes “any healthcare, physical, mental, or otherwise, administered or prescribed for the treatment of gender dysphoria, related diagnoses, or gender transition.” Subject to and without waiving the foregoing objections, after reasonable inquiry, the information known or that can be reasonably obtained by Defendant is insufficient to enable Defendant to admit or deny this request as provided by the Plaintiffs.

6. Admit that the cost of Gender-Confirming Healthcare for calendar year 2017 did not exceed the cost estimate provided by Segal Consulting in its “Transgender Cost Estimate” memorandum addressed to Mona Moon, dated November 29, 2016 (Bates stamped KADEL 000036-37).

Response: The Defendant objects to this request because “Gender-Confirming Healthcare” is not a medical term and because Plaintiffs’ use and definition of the term “Gender-Confirming Healthcare” is vague, ambiguous, and confusing. This term is also not a legal term or a term of art used by the Plan when determining whether a healthcare provider will be reimbursed for cost of a covered benefit. At this time, the specific benefits denominated as “gender-confirming healthcare” under the Plaintiffs’ theory of the case is not known by the Defendant, and the Plaintiffs’ definition in this request includes “any healthcare, physical, mental, or otherwise, administered or prescribed for the treatment of gender dysphoria, related diagnoses, or gender transition.” Subject to and without waiving the foregoing objections, after reasonable inquiry, the information known or that can be reasonably obtained by Defendant is insufficient to enable Defendant to admit or deny this request as provided by the Plaintiffs.

Further, the Segal Consulting memorandum does not define the “cost of treatment,” which it notes was “provided at a very high level” by Blue Cross and Blue Shield of North Carolina. The Plan’s experience has been that Blue Cross and Blue Shield of North Carolina is unwilling to disclose publicly the specific per-procedure costs it has negotiated with providers. Therefore, it is unclear whether the Segal cost estimates refer to (1) the payment requests from medical providers; (2) the allowed payments authorized after discounts negotiated with the medical providers; or (3) the amount paid by the State Health Plan after other deductibles and co-insurance payments are applied. Finally, Segal Consulting provided a range of potential cost: between \$344,013 and \$862,292. There is not a single “cost estimate” value.

In addition, the Defendant cannot identify the costs incurred for coverage of State Health Plan members enrolled in a Medicare Advantage plan. For 2017, United Healthcare administered the State Health Plan's Medicare Advantage plans, which are fully insured plans. That is, the State Health Plan purchases this insurance coverage for eligible Plan members, but the State Health Plan does not have access to claim information.

Information provided from Blue Cross and Blue Shield of North Carolina for the 2017 Plan year indicates that \$784,923.28 was billed to the State Health Plan for medical treatment that BCBS indicated would have been excluded had the coverage exclusion remained in effect. After reductions, the Plan incurred \$504,406.04 in allowed expenses. After Plan participants or other insurers paid their portion, the Plan paid \$404,609.26.

7. Admit that Gender-Confirming Healthcare can be medically necessary treatment for gender dysphoria in at least some patients.

Response: The Defendant objects to this request because "Gender-Confirming Healthcare" is not a medical term and because Plaintiffs' use and definition of the term "Gender-Confirming Healthcare" is vague, ambiguous, and confusing. This term is also not a legal term or a term of art used by the Plan when determining whether a healthcare provider will be reimbursed for cost of a covered benefit. At this time, the specific benefits denominated as "gender-confirming healthcare" under the Plaintiffs' theory of the case is not known by the Defendant, and the Plaintiffs' definition in this request includes "any healthcare, physical, mental, or otherwise, administered or prescribed for the treatment of gender dysphoria, related diagnoses, or gender transition." Subject to and without waiving the foregoing objections, after reasonable inquiry, the information known or that can be reasonably obtained by Defendant is insufficient to enable Defendant to admit or deny this request as provided by the Plaintiffs. Defendant further objects to this request because the term "medically necessary treatment" is vague, ambiguous, and confusing.

After reasonable inquiry, the Defendant is unable to admit or deny the Plaintiffs' request for admission. The Defendant cannot admit or deny a hypothetical question about medical treatment for an unknown patient with an unknown medical history and unknown medical needs. The Plaintiffs' request provides no information about whether biological disorders of sex development are present or the individual has only a psychiatric diagnosis of gender dysphoria. Moreover, the term "medically necessary" is used by insurance companies to determine whether medical treatment (and insurance coverage) should be provided. That is, whether a treatment is "medically necessary" is decided before treatment occurs. Medical necessity determinations do not necessarily correlate to or guarantee effective outcomes.

8. Admit that NCSHP acts as an agent for North Carolina government employers who participate in NCSHP.

Response: The Defendant objects to this request because the term “agent” is vague, ambiguous, and confusing. Further, it is unclear whether Plaintiffs’ request seeks an admission regarding the undefined term “agent” as it appears in Title VII (42 U.S.C. 2000e(b)) or “agent” as defined and interpreted in some other legal context. Subject to the foregoing objections, denied.

9. Admit that NCSHP acts as a joint employer with participating North Carolina government employers.

Response: The Defendant objects to this request because the term “joint employer” is vague, ambiguous, and confusing. Further, it is unclear whether Plaintiffs’ request seeks an admission with regard to the Fourth Circuit’s caselaw regarding the liability of joint employers under Title VII (*see, e.g., Butler v. Drive Auto. Indus. of Am., Inc.*, 793 F.3d 404 (4th Cir. 2015)) or as defined and interpreted in some other legal context. Subject to the foregoing objections, denied.

10. Admit that participating North Carolina government employers delegate control over employee health benefits to NCSHP.

Response: The Defendant objects to this request because the term “delegate[s] control” is vague, ambiguous, and confusing. Subject to the foregoing objections, denied.

11. Admit that NCSHP has significant control over the terms of coverage in the health plans offered through NCSHP, including but not limited to control over the exclusions in those health plans.

Response: The Defendant objects to this request because the term “significant control” is vague, ambiguous, and confusing. The Defendant denies that the Plan has control over all coverage exclusions involving benefits in the health plans offered through the Plan. Some coverage exclusions are mandated by North Carolina law. Further, the request for admission does not address the more general limits on coverage created by the General Assembly’s appropriations as well as the cap on the employer premium that can be charged by the Plan. The Defendant notes that certain federal requirements also influence coverage available under the Plan. Subject to these qualifications, the Defendant admits that, under North Carolina General Statute 135-48.30(a)(2), the Treasurer—subject to the approval of the Plan Board of Trustees—has the power and duty to set benefits, premium rates, co-pays, deductibles, and coinsurance percentages and maximums.

12. Admit that NCSHP determines the terms of coverage in the health plans offered through NCSHP.

Response: The Defendant objects to this request to the extent that the phrase “terms of coverage” is vague, ambiguous, and confusing. The Defendant has an understanding of how this phrase is used within its operations, but it is unclear whether the Plaintiffs share this definition or have a different one.

The Defendant denies that the Plan determines the terms of coverage of the Plan, without qualification. This request for admission does not address the limits on coverage created by the General Assembly’s appropriations or the cap on the premium that can be charged to employers by the Plan. The Defendant notes that certain federal laws also influence the coverage available under the Plan.

In addition, the Plan has contracted with Blue Cross and Blue Shield of North Carolina to act as the Plan’s third-party administrator and CVS/Caremark to act as the Plan’s Pharmacy Benefit Manager. Both contractors are responsible for administering the Plan benefits as described in the Plan Benefit Book. Upon information and belief, to the extent that the Plan Benefit Book is silent about whether a specific procedure or medication is covered, the third-party administrator generally defaults to the terms of coverage used by that contractor in other plans. After reasonable inquiry and upon information and belief, however, the Plan cannot admit or deny whether this is the case for all treatment for all diagnoses.

Finally, the Plan does not determine the terms of coverage for the Medicare Advantage Plan offered to the Plan’s Medicare-eligible employees and retirees. These Plans (which have been provided since 2016 by Humana or United Healthcare, depending on the Plan year), are fully insured health plans. To the extent that the Plan makes a decision about the terms of coverage for Medicare Advantage participants, that determination takes place in the selection of a particular insurance company as the Medicare Advantage plan provider.

Subject to these qualifications, the Defendant admits that, under North Carolina General Statute 135-48.30(a)(2), the Treasurer—subject to the approval of the Plan Board of Trustees—has the power and duty to set benefits, premium rates, co-pays, deductibles, and coinsurance percentages and maximums.

13. Admit that NCSHP determines the services that are excluded from coverage through NCSHP’s health plans.

Response: The Defendant objects to this request to the extent that the phrase “terms of coverage” is vague, ambiguous, and confusing. The Defendant has an understanding of how this phrase is used within its operations, but it is unclear whether the Plaintiffs share this definition or have a different one.

The Defendant denies that the Plan determines all coverage exclusions involving Plan benefits. Some coverage exclusions are mandated by North Carolina law. Further, the request for admission does not address the more general limits on coverage created by the General Assembly's appropriations as well as the cap on the premium that can be charged by the Plan. The Defendant notes that federal requirements also influence the coverage available under the Plan.

In addition, the Plan has contracted with Blue Cross and Blue Shield of North Carolina to act as the Plan's third-party administrator and CVS/Caremark to act as the Plan's Pharmacy Benefit Manager. Both contractors are responsible for administering the Plan benefits as described in the Plan Benefit Book. Upon information and belief, to the extent that the Plan Benefit Book is silent about whether a specific procedure or medication is covered, the third-party administrator generally defaults to the terms of coverage used by that contractor in other plans. After reasonable inquiry and upon information and belief, however, the Plan cannot admit or deny whether this is the case for the treatment of all diagnoses applicable to all diagnoses.

Finally, the Plan does not determine the terms of coverage for the Medicare Advantage Plan offered to the Plan's Medicare-eligible employees and retirees. These Plans (which have been provided since 2016 by Humana or United Healthcare, depending on the Plan year), are fully insured health plans. To the extent that the Plan makes a decision about the terms of coverage for Medicare Advantage participants, that determination takes place in the selection of a particular insurance company as the Medicare Advantage plan provider.

Subject to these qualifications, the Defendant admits that, under North Carolina General Statute 135-48.30(a)(2), the Treasurer—subject to the approval of the Plan Board of Trustees—has the power and duty to set benefits, premium rates, co-pays, deductibles, and coinsurance percentages and maximums.

14. Admit that NCSHP is responsible for administering the insurance coverage offered to participating employees.

Response: The Defendant objects to the request because the phrase “administering” is vague, ambiguous, and confusing, and the phrase could be interpreted to include actions that are not conducted by the Plan. This includes face-to-face interactions with new employees, which is administered by the employers of each new employee. Further, significant administrative responsibilities are carried out by Plan contractors, including Blue Cross and Blue Shield of North Carolina (the Plan's Third-Party Administrator), CVS/Caremark (the Plan's Pharmacy Benefit Manager), and the Plan's fully-insured

Medicare Advantage plan administrator (currently Humana beginning January 1, 2021, previously United Healthcare).

Subject to these qualifications, the Plan admits that North Carolina law requires the Plan to administer one or more group health plans that are comprehensive in coverage. N.C. Gen Stat. § 135-48.2(a).

INTERROGATORIES

1. Describe in detail any sources of federal funding Defendant NCSHP has received since 2014, including but not limited to any grants, contracts, or other forms of federal financial assistance.

Response: The Defendant objects that this interrogatory is overly broad and burdensome. The Plan receives funding each year through the Retiree Drug Subsidy. The Plan receives no other federal funding.

2. Describe in detail the fiscal sustainability of NCSHP including the basis for Treasurer Folwell's estimates that NCSHP has a \$28 billion unfunded liability, and any policies (those adopted and not yet adopted) to address this unfunded liability.

Response: The Defendant objects that this interrogatory is overly broad, burdensome, and to the extent that it purports to seek the views of a separate defendant, Treasurer Folwell, it is misdirected.

For several decades, while retirees from North Carolina state and local government were eligible for health care coverage under the Plan, there was no money set aside to pay for the cost of this health care. The State Health Plan is funded by annual appropriations by the North Carolina General Assembly. In recent years, the North Carolina General Assembly has appropriated for an increase in health care costs of about 4% on average over the fiscal biennium. At the same time, the annual rate of inflation for health care costs has been significantly higher (approximately 7% annually) than that appropriation or the rate of inflation for the economy as a whole.

The most recent estimate of the Plan's unfunded liability by The Segal Group, which conducts an annual actuarial evaluation, is \$27.7 billion as of June 30, 2020. The Plan, and its leadership, have been actively seeking to reduce this overall liability since 2017. Some policy initiatives have required the approval of the General Assembly, but the policies listed below have been sought and supported by the Plan and its leadership.

High-profile policies or decisions to improve the Plan's long-term sustainability that have been proposed, adopted, or implemented since 2017 have included:

(a) Increased use of a Medicare Advantage plan for Medicare-eligible retirees. In the open enrollment in October 2017, the Plan automatically enrolled eligible retirees in its Medicare Advantage plan, rather than asking these members to select a health plan option. Members still have the ability to leave the Medicare Advantage plan and choose a different Plan option, but this policy decision has resulted in approximately \$35 million in savings. In addition, the Plan has moved to a competitive bidding process for the Medicare Advantage Plan. In 2020, Humana was selected. In January 2021, the Plan transitioned its retirees to the Humana plan from the United Healthcare plan. This change is expected to generate \$590 million in savings over three years.

(b) Elimination of the subsidy for retiree health care benefits for members hired after January 1, 2021. This reform was enacted by the General Assembly in 2017.

(c) Competitive bidding for Third-Party Administration services for the Plan. In 2020, the Plan awarded a new contract to Blue Cross and Blue Shield of North Carolina for its administrative support to the Plan. Under this new contract, the Plan estimates administrative cost savings of at least \$20 million per year.

(d) The Clear Pricing Project. The Plan has aggressively sought to link Plan payments for health care services to the Medicare payment rate for the same services. While this policy has not been fully adopted by all providers, the Plan created the “N.C. State Health Plan Network” effective January 1, 2020. Plan beneficiaries who select a provider from this network will have no co-pay for primary care visits and the co-pay for visits to specialist providers is also reduced. In return, the providers in this network agreed to be reimbursed for services at the Medicare rate plus approximately 60%.

(e) Since 2017, the Plan has generally avoided increasing benefits for Plan participants. The minutes of the Board of Trustees reflect all instances in which adjustments to coverage were made after a routine review of current benefit offerings or specific medical recommendations for clinically effective treatments. A review of the Plan’s coverage benefits since 2017 demonstrates that Plan benefits have remained relatively static, year-over-year.

3. Describe in detail the factual basis for each governmental interest that you contend supports the Exclusion.

Response: The Defendants object that this interrogatory is overly broad, burdensome, and calls for privileged and confidential information.

Decisions about new benefits for the Plan, and the permanent removal of an exclusion that has the effect of creating a new benefit, are reviewed within the overall goals of the Board of Trustees and the Plan leadership. In 2016, the Treasurer identified goals for the Plan: reducing the Plan’s unfunded liability, providing a more affordable family

premium for participants, and providing transparency to taxpayers about spending decisions.

In 2018, when the Board of Trustees declined to adopt the benefit proposed by the Plaintiffs, the Treasurer put forward several government interests. The Plan asserts that each reason justifies the decision not to permanently eliminate the existing coverage exclusion.

First, as noted by the Treasurer, legal uncertainty surrounds the federal requirement that the Plan eliminate its coverage exclusion. In December 2016, the Plan was advised that a federal regulation mandated elimination of the coverage exclusion as a condition of federal funding. This regulatory requirement was enjoined by a federal court later that same month, and, upon information and belief, that injunction remains in effect in 2021. In 2020, the Department of Health and Human Services amended its regulations and removed the federal requirement. Legal challenges to this 2020 regulation are also currently pending. At this time, it is unclear whether the 2016 regulation, the 2020 regulation or no regulation speaks to the coverage exclusion.

Second, as the Treasurer noted, medical uncertainty exists about the treatments sought by the Plaintiffs. The Plan remains unaware of any objective test to identify individuals suffering from gender dysphoria who will benefit from the hormonal and surgical treatments sought by the Plaintiffs. For minors, the Plan is unaware of any methodology to reliably distinguish between children for whom gender dysphoria will resolve without hormonal therapy or surgical intervention and those for whom it will not. (The Plan does not limit counseling or other mental health care for individuals suffering from gender dysphoria. Upon information and belief, the coverage exclusion affects only pharmacological and surgical treatment of gender dysphoria. Services such as counseling for a patient with gender dysphoria are limited only by the generally applicable Plan restrictions on mental health services.)

The Plan lacks a definite understanding of which prescription drugs, and which surgeries, the Plaintiffs believe should be covered for treatment of gender dysphoria. As noted in the Defendant's expert reports, the FDA has not approved any drugs for treatment of gender dysphoria.

The Plan has not identified any valid, reliable, peer-reviewed longitudinal studies that support the efficacy of the Plaintiffs' desired treatments. The Plan notes that during the pendency of this case, the American Journal of Psychiatry issued a correction to an article that claimed to find such evidence. The correction, after review by third-party experts, indicates that article's statistical analysis does not support its hypothesis that surgical intervention for transgender individuals reduces the need for mental health care.

In 2021, clinics in the United Kingdom, Sweden, and Finland ceased hormonal and surgical intervention for minors with gender dysphoria.

Finally, the Treasurer stated that he did not support addition of this benefit when many other plan participants have sought, but have not received, coverage for services that they desire. The members of the Board of Trustees have spoken to their understanding that they have a duty to use the Plan's limited resources in a manner that provides the best use of health care payments for the overall health of the Plan population. In the context of the Plan's overall fiscal condition, the Plan has been unable to identify a reasonable metric to distinguish the benefits sought by Plaintiffs from other uncovered medical treatments that affect small groups within the overall Plan's population.

4. For calendar year 2017, separately identify the cost of counseling and/or therapy, hormone-related therapy, and surgery for Gender-Confirming Healthcare.

Response: The Defendant objects that this interrogatory is overly broad, burdensome, and calls for privileged and confidential information. The Defendant further objects to this interrogatory because "Gender-Confirming Healthcare" is not a medical term and because Plaintiffs' use and definition of the term "Gender-Confirming Healthcare" is vague, ambiguous, and confusing. The full extent of the benefits denominated as "gender-confirming healthcare" under the Plaintiffs' theory of the case remains unknown. The Defendant can only provide information related to expenses incurred by the State Health Plan in 2017, recognizing that this information was gathered by third parties and provided to Plan employees.

Blue Cross and Blue Shield of North Carolina identified \$784,923.28 in billed claims during calendar year 2017 that would have been excluded had the coverage exclusion remained in effect. After reductions for the allowed amount for each charge, and exclusion of non-covered expenses, Blue Cross and Blue Shield reports that gender transition treatment resulted in medical charges of incurred \$504,406.04 in allowed expenses. After Plan participants or other insurers paid their portion, the Plan paid \$404,609.26, and other payers (the insured participant or, if applicable, a co-insurer of the participant) paid \$99,796.78.

These figures do not include payments by the Plan's pharmacy benefit manager, CVS/Caremark, for medications related to gender transition. After reasonable inquiry, the Plan has not been able to identify a reliable estimate of the cost of prescription drugs that were potentially covered in 2017 but were not covered after the suspension of the coverage exclusion lapsed.

Finally, the Plan does not have access to information about the costs incurred by State Health Plan members enrolled in a Medicare Advantage plan. The State Health Plan's

Medicare Advantage plan is fully insured. That is, the State Health Plan purchases insurance coverage for Medicare-eligible retirees and pays the premium for these Plan members. Humana, the current insurance provider (as well as United Healthcare, the prior provider) ensures that premiums are sufficient to cover expected claims. Moreover, the private insurance company, not the Plan, is responsible for payment if these premiums are insufficient. The State Health Plan therefore does not have access to claim information.

5. For calendar year 2017, separately identify the cost of counseling and/or therapy, hormone-related therapy, and surgery not relating to Gender-Confirming Healthcare.

Response: The Defendants object that this interrogatory is overly broad, burdensome, and calls for privileged and confidential information. The Defendants further object to this interrogatory because “Gender-Confirming Healthcare” is not a medical term and because Plaintiffs’ use and definition of the term “Gender-Confirming Healthcare” is vague, ambiguous, and confusing. The full extent of the benefits denominated as “gender-confirming healthcare” under the Plaintiffs’ theory of the case is not known by the Defendants.

Because, after reasonable inquiry, the Plan has not been able to develop a precise estimate of the cost of Gender-Confirming Healthcare, the Defendant cannot accurately provide the cost information that the Plaintiffs seek.

6. Describe in detail NCSHP’s role in determining components of state employees’ compensation, terms, conditions, or privileges of employment.

Response: The Defendants object that this interrogatory is overly broad, burdensome, and calls for privileged and confidential information.

The decision by an employee to participate in the Plan is voluntary and is available to all full-time employees on an equal basis. (The same premium is charged to each member who selects a specific coverage option.)

The Plan does not determine the compensation, terms, conditions, or privileges of employment for state employees, other than the approximately fifty employees of the Plan itself. Other full-time state employees, and the employees of non-state entities such as school districts and local governments, are offered the opportunity to participate in the State Health Plan by their employers. As noted in the Response to Request for Admission No. 13 (above), the North Carolina General Assembly determines the maximum amount that the Plan can charge to employers as a premium for coverage of an employee. Under North Carolina General Statute 135-48.30(a)(2), the Treasurer—subject to the approval of the Board of Trustees—sets benefits, premium rates, co-pays, deductibles, and coinsurance percentages and maximums when not otherwise set by law.

7. Describe in detail NCSHP's role in providing benefits in the form of health care coverage to state employees.

Response: The Defendant objects that this interrogatory is overly broad, burdensome and calls for privileged and confidential information.

The Plaintiffs' interrogatory misstates the role of the Plan and the health care coverage it provides. The Plan offers four coverage options to eligible participants. Enrollment is voluntary in the 80/20 Plan, the 70/30 Plan, the High Deductible Health Plan, or the Medicare Advantage Plan (for eligible retirees).

The North Carolina General Assembly appropriates funds and imposes, among other requirements and limitations, a maximum premium that may be charged to the employer for provision of health coverage to a Plan participant. In the immediate day-to-day operation of the plans listed above, the Plan staff ensure that state employees receive timely communication about the Plan, that Plan contractors implement the Plan policies, and that the resources allocated to the Plan are sufficient to meet current expected costs and ensure the statutorily-required reserve balance for unpaid claims. On a more long-term basis, the Plan and its staff are responsible for planning to ensure that the Plan remains financially sustainable within the larger context of significant health care inflation.

8. Describe in detail NCSHP's role in determining the terms of coverage in the health plans offered through NCSHP, including but not limited to the extent of control over the terms of those health plans and their exclusions.

Response: The Defendants object that this interrogatory is overly broad, burdensome, and calls for privileged and confidential information. As noted above, the General Assembly has statutorily mandated specific coverage exclusions. In addition, certain coverage requirements are imposed by federal law. The Treasurer and the Board of Trustees are responsible for ensuring that the remaining benefits provided by the Plan are financially sustainable in the short-term and into the future.

9. Describe in detail participating North Carolina government employers' delegation of control over employee health benefits to NCSHP.

Response: The Defendants object that this interrogatory is overly broad, burdensome, and calls for privileged and confidential information. The Plan disagrees with the Plaintiffs' view that North Carolina government employers have delegated control of employee health benefits to the Plan. Enrollment in the Plan is not required for state or local government employees. Enrollment in the Plan, at the determined premium costs, is an option that is made available to these individuals.

VERIFICATION

I, Dee Jones, state that I have read Plaintiffs' First Set of Interrogatories to the North Carolina State Health Plan for Teachers and State Employees and the answers to those interrogatories, which are true to the best of my knowledge, information, and belief. I declare under penalty of perjury that the foregoing is true and correct.



Exhibit 6

UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
WINSTON-SALEM DIVISION
FILE No. 1:19-CV-00272-LCB-LPA

MAXWELL KADEL, <i>et al.</i>)	
	)	DEFENDANT
Plaintiffs,	)	N. C. DEPARTMENT OF
v.	)	PUBLIC SAFETY’S RESPONSES TO
DALE FOLWELL, in his official capacity as	)	PLAINTIFF’S FIRST SET OF
State Treasurer of North Carolina, <i>et al.</i>,	)	INTERROGATORIES
)	
Defendants.)	
)	

NOW COMES Defendant the North Carolina Department of Public Safety, and hereby respond to Plaintiff’s First Set of Interrogatories, pursuant to Rules 26 and 33 of the Federal Rules of Civil Procedure as follows:

GENERAL RESPONSE AND OBJECTIONS

Each of The Department’s responses, in addition to any specifically stated objections, is subject to and incorporates the following general responses and objections. The assertion of the same, similar, or additional objections or a partial response to any individual request does not waive any of The Department’s general responses and objections.

1. The Department objects to every Interrogatory that calls for privileged information, including, without limitation, information protected by the attorney-client privilege.
2. The Department objects to every Interrogatory that calls for information prepared in anticipation of litigation or for trial absent a showing of substantial need by the Plaintiff
3. The Department objects to every Interrogatory that calls for information containing or reflecting the mental impressions, conclusions, opinions and/or legal theories of any

148-74. The records of prisoners in the custody of the Department of Public Safety (“DPS”), Division of Adult Correction (“DAC”) are confidential and are not subject to inspection by the public or the inmate or those acting on behalf of the inmate. *Goble v. Bounds*, 13 N.C. App. 579, 186 S.E.2d 638, *aff’d* 281 N.C. 307, 188 S.E.2d 347 (1972). Except as otherwise noted, all documents referenced herein or provided herein are not in The Department possession or control, but have been provided to the undersigned Assistant Attorneys General at the direction of the Secretary for the limited purpose of the defense of this action under the Defense of State Employees Act, N.C.G.S. § 143-300.2 et seq. All such documents remain classified, confidential, privileged and under the control and direction of the Secretary.

1. Describe in detail all reasons for which Defendant has not made available employee healthcare coverage that is different from or supplemental to the NCSHP and which does not contain an Exclusion.

ANSWER: It’s the State Treasury Department’s responsibility to provide the same coverage to all state employees.

2. Identify any person who is directly responsible for ensuring or coordinating the provision of NCSHP benefits to the employees of Defendant.

ANSWER: Defendant objects to use of the phrase “ensuring or coordinating the provision of NCSHP benefits to the employees” as vague, not defined and imprecise. Without waiving, and subject to the foregoing objection, Defendant states that upon hiring, and annually during the open enrollment period, Health Benefit Representatives provide the benefits information to the employees to give them the information they need to determine if they would like to join the SHP.

3. Describe in detail all processes by which Defendant:

- a. registers its employees for coverage under the NCSHP, and maintain and end such registrations; and

ANSWER: Upon hiring, and annually during the open enrollment period, Health Benefit Representatives provide the information to the employees to give them the information they need to determine if they

would like to join the SHP. Employees can enroll online through the Integrated HR payroll system. (formerly known as Beacon)

- b. is involved, if at all, with employees' coverage under NCSHP. This includes, but is not limited to, any claims made for coverage under the NCSHP, processing employees' and Defendant's contributions to NCSHP, dealing with employees' under- or over-payments to NCSHP, and/or entering settlement agreements with employees regarding health benefits covered under NCSHP.

ANSWER: DPS would only be involved if an employee loses coverage of the State Health Plan due to non-payment of the employee's premium. This would only occur if an employee goes on leave without pay and there is no monthly paycheck from which the employee's monthly premium is able to be deducted. If the employee wants the coverage to be reinstated before the annual enrollment period, DPS will work with the employee to submit an exception request to the State Health Plan. The State Health Plan is responsible for approving the exception request and reinstating the coverage. DPS has no authority to reinstate the coverage.

4. Identify which steps, if any, in your answer to Interrogatory No. 3, require involvement by personnel of NCSHP and/or the Office of the State Treasurer.

ANSWER: DPS would work with the State Health Plan which is a part of the State Treasurer's Office to submit the exception request as described in 3b and await for the approval or denial to be made by the State Health Plan.

5. Identify any person with whom you consulted and any documents you reviewed in order to provide your answer to Interrogatory Nos. 1, 2, 3, and 4.

**ANSWER: Charlene Shabazz Charlene Shabazz, CPM, SPHR, SHRM-SCP
HR Deputy Director for Safety, Health, WC, Benefits, Time/Leave and IBHS
NC Department of Public Safety**

6. To the extent that you deny any Request for Admission, describe in detail the bases for each denial; and identify any person with whom you needed to consult and any documents you needed to review in order to provide your answer.

ANSWER: NCDPS did not deny any of the Requests for Admissions. See response to Request for Admission No. 4 for the response regarding the inability to admit or deny.

This the 18th day of June, 2021.

**JOSHUA H. STEIN
ATTORNEY GENERAL**

/s/ *Alan McInnes*

Alan McInnes
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Exhibit 7

UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
WINSTON-SALEM DIVISION
FILE No. 1:19-CV-00272-LCB-LPA

MAXWELL KADEL, <i>et al.</i>)	
	)	DEFENDANT
Plaintiffs,	)	N. C. DEPARTMENT OF
v.	)	PUBLIC SAFETY'S RESPONSES TO
DALE FOLWELL, in his official capacity as	)	PLAINTIFF'S FIRST SET OF
State Treasurer of North Carolina, <i>et al.</i>,	)	INTERROGATORIES
)	
Defendants.)	
)	

NOW COMES Defendant the North Carolina Department of Public Safety, and hereby respond to Plaintiff's First Requests for Admission, pursuant to Rules 26 and 36 of the Federal Rules of Civil Procedure as follows:

REQUESTS FOR ADMISSION

1. Admit that Defendant is engaged in industry affecting commerce, has fifteen or more employees for each working day of twenty or more calendar weeks, and is not a corporation wholly owned by the United States, an Indian Tribe, or the District of Columbia.

RESPONSE: Admitted.

2. Admit that Defendant contributes funding to NCSHP to help cover the health insurance cost of at least some of its employees.

RESPONSE: Admitted. NCDPS pays \$521.96 per month per employee.

This the 18th day of June, 2021.

JOSHUA H. STEIN
ATTORNEY GENERAL

/s/ *Alan McInnes*

Alan McInnes
Assistant Attorney General
N.C. State Bar No. 20938
N.C. Department of Justice
Public Safety Section
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Exhibit 8



State Health Plan for Teachers and State Employees

Traditional 70/30 PPO Plan

Benefits Booklet

January 1 – December 31, 2016



Revised: August 3, 2016

PLAN DEF0010649

Covered Services

Hospital			
Inpatient Medical Detoxification	X		X
Psychiatric Residential Treatment Center		X	X
Chemical Dependency Residential Treatment Center		X	X
Psychiatric Partial Hospitalization Program		X	X
Chemical Dependency Partial Hospitalization Program		X	X
Psychiatric Intensive Outpatient Program		X	X
Chemical Dependency Intensive Outpatient Program		X	X

**Continuing treatment certifications must be requested by the last date of any previously certified period. Otherwise, certification decisions by the Mental Health Case Manager are effective as of the date the request for certification is received by the Mental Health Case Manager.*

**The following notice applies only when you are responsible for obtaining certification. NOTICE: Your actual expenses for covered services may exceed the stated coinsurance percentage or copayment amount because actual provider charges may not be used to determine the plan's and member's payment obligations. For out-of-network benefits, you may be required to pay for charges over the allowed amount in addition to any copayment or coinsurance amount. In addition, certain services require prior review and certification. You are responsible for obtaining or having your provider obtain certification on your behalf if you go to an out-of-network, or out-of-state provider. Failure to obtain certification will result in a full denial of benefits.*

Mental Health and Chemical Dependency Services Exclusions and Limitations

- Care for conditions not classified as psychiatric, emotional, or substance abuse illnesses
- Psychoanalysis
- Counseling with relatives about a patient with *mental illness*, alcoholism, drug addiction or substance abuse
- *Inpatient* confinements that are primarily intended as a change of environment
- Mental health services received in psychiatric residential treatment facilities when age 18 or older. *Chemical dependency* residential treatment facilities are covered for all ages.
- Marriage Counseling
- *Inpatient* psychiatric care rendered in a *hospital* not accredited by JCAHO
- *Inpatient chemical dependency* care rendered in a facility which is not currently accredited by a national health care organization approved by the *Mental Health Case Manager*
- *Inpatient hospital* care for medical detoxification rendered in a facility which is not licensed as a *hospital* and currently accredited by a national health care organization approved by the *Mental Health Case Manager*
- Outdoor components of a residential *chemical dependency* treatment program, when such program is licensed as a *chemical dependency* treatment program in the state in which services are provided, are covered only if facility based services are available as a part of the same program
- Primary treatment of a psychiatric disorder in a residential treatment center (RTC) unless the RTC is licensed as a psychiatric RTC

Covered Services

- Primary treatment of a *chemical dependency* or substance abuse disorder in a residential treatment center (RTC) unless the RTC is licensed as a *chemical dependency* or substance abuse RTC
- Services by *providers* not currently licensed in the state in which services are provided
- Psychotherapy as part of artificial means of conception
- Psychological assessment and psychotherapy treatment in conjunction with proposed gender transformation
- Psychological testing for those persons with a *chemical dependency* diagnosis until 30 consecutive days of abstinence are obtained.
- Therapeutic boarding schools as a psychiatric residential treatment center (RTC) unless the program is licensed for psychiatric RTC in the state in which services are provided, has *registered nurses* who are present on-site 24-hours per day, and holds current national accreditation by a national health care accrediting body approved by the *Mental Health Case Manager*
- Therapeutic boarding schools as a *chemical dependency* or substance abuse residential treatment center (RTC) unless the program is licensed as a *chemical dependency* RTC in the state in which services are provided and has licensed supervision of all residents 24 hours per day, seven days per week
- Wilderness camps, wilderness “step-down” components of a residential program, and stand-alone outdoor treatment programs or outdoor “step-down” components of a residential program are not covered as a psychiatric RTC unless the program is licensed for psychiatric residential treatment in the state in which services are provided, has *registered nurses* who are present on-site 24-hours per day, and holds current national accreditation by a national health care accrediting body approved by the *Mental Health Case Manager*
- Wilderness camps and stand-alone outdoor treatment programs are not covered as *chemical dependency* or substance abuse RTC programs
- Academic education during residential treatment when charged separately
- Administrative psychiatric services (e.g., expert testimony, report writing, medical records review and maintenance, case management or case coordination, chart review, etc.)
- Consultation with a mental health professional for adjudication of marital, child support, and custody cases
- Evaluations, consultations, testing or therapy for educational, professional training, or for investigation purposes relating to employment, insurance, judicial or administrative proceedings
- Training analysis
- Treatment for personal or professional growth, development, training or professional *certification*
- Aversive Treatment
- Treatment programs based solely on the 12-step Model
- Erhard Seminar Training (EST) or similar motivational services
- Bioenergetic, carbon dioxide, confrontational, hyperbaric or normobaric oxygen, marathon, megavitamin, orthomolecular, primal, rebirthing, or sleep therapies
- Expressive therapies (art, poetry, movement, psychodrama), guided imagery, or stress and relaxation therapy when billed separately
- Telephonic crisis management as a separate charge
- Sedative action, electro stimulation therapy
- Z therapy, also known as “holding therapy”
- Narcotherapy with LSD
- Environmental ecology treatments
- Hemodialysis for schizophrenia
- Rolfing
- Sensitivity training

What is not Covered?

- Received after the coverage termination date, regardless of when the treated condition occurred, and regardless of whether the care is a continuation of care received prior to the termination
- For telephone consultations or web-based, online or other electronic evaluations, charges for failure to keep a scheduled visit, charges for completion of a claim form, charges for obtaining medical records, and late payment charges
- *Incurred* more than 18 months prior to the *member's* submission of a claim
- For *cosmetic* purposes for any reason, including but not limited to excess skin from the abdomen, arms or thighs, except as specifically covered by your health benefit plan
- For camisoles, or other clothing, post-mastectomy
- For any services that would not be necessary if a non-covered service had not been received, except for *emergency services* in the case of an *emergency*
- For benefits that are provided by any governmental unit except as required by law
- For services that are ordered by a court that are otherwise excluded from benefits under this health benefit plan
- For care that the *provider* cannot legally provide or legally charge or is outside the scope of license or *certification*
- Provided and billed by a licensed health care professional who is in training
- For any services provided and billed by a lactation consultant
- For breast pumps
- Available to a *member* without charge and/or care given to a *member* by a *provider* who is in a *member's* immediate family
- For any condition suffered as a result of any act of war or while on active or reserve military duty
- In excess of the *allowed amount* for services usually provided by one *doctor*, when those services are provided by multiple *doctors*
- For *palliative, cosmetic or routine foot care*
- For dental care, dentures, dental implants, oral orthotic devices, palatal expanders and orthodontics except as specifically covered by the Plan
- *Dental services* provided in a *hospital*, except when a hazardous condition exists at the same time or covered oral *surgery* services are required at the same time as a result of a bodily injury
- For any treatment or regimen, medical or surgical, for the purpose of reducing or controlling the weight of a *member* or for treatment of obesity, except for nutritional visits or surgical treatment of morbid obesity, or as specifically covered by your health benefit plan
- Bariatric surgery, except when provided at a Blue Distinction Center (BDC).
- Wigs, hair pieces and hair implants for any reason
- Received from a dental or medical department maintained by or on behalf of an employer, a mutual benefit association, labor union, trust or similar person or group
- For prescribed *sexual dysfunction* medications
- Treatment or studies leading to or in connection with sex changes or modifications and related care
- Music therapy, remedial reading, recreational or activity therapy, alternative therapy services, all forms of special education and supplies or equipment used similarly
- Hypnosis except when used for control of acute or chronic pain
- Acupuncture and acupressure
- *Surgery* for psychological or emotional reasons
- Travel, whether or not recommended or prescribed by a *doctor* or other licensed health care professional, except as specifically covered by your health benefit plan
- For heating pads, hot water bottles, ice packs and personal hygiene and convenience items such as, but not limited to, devices and equipment used for environmental control, incontinence products (including briefs, diapers, underwear, underpads), and urinary incontinence devices (including bed wetting devices) and equipment
- For devices and equipment used for environmental accommodation requiring vehicle and/or building modifications such as, but not limited to, positioning seats, chair lifts, stair lifts, home elevators, and ramps



State Health Plan for Teachers and State Employees

TRADITIONAL 70/30 PPO PLAN BENEFITS BOOKLET

January 1 – December 31, 2017



**BlueCross BlueShield
of North Carolina**

October 1, 2016

Traditional 70/30 Plan (PPO) Summary of Benefits
Benefit Period: January 1, 2017 – December 31, 2017

COVERED SERVICES

Covered services described on the following pages are available at both the *in-network* and *out-of-network* benefit levels, when *medically necessary*, unless otherwise noted. If you have a question about whether a certain health care service is covered, and you cannot find the information in "Covered Services," see "Summary of Benefits" or call *State Health Plan* Customer Service at the number listed in "Who to Contact."

Also keep in mind as you read this section:

- Certain services require *prior authorization* and *certification* in order for you to avoid a denial of your services. General categories or services are noted in the sections below as requiring *prior authorization*, please see "Prior Authorization/Pre-Service" in "Utilization Management" for information about the review process, and visit our website at www.shpnc.org or call *State Health Plan* Customer Service to ask whether a specific service requires *prior authorization* and *certification*.
- Exclusions and limitations may apply to your coverage. Service-specific exclusions are stated along with the benefit description in "Covered Services." Exclusions that apply to many services are listed in "What Is Not Covered?" To understand the exclusions and limitations that apply to each service, read "Covered Services," "Summary of Benefits" and "What Is Not Covered?"
- Certain services are covered pursuant to *BCBSNC* medical policies, which are updated throughout the plan year. These policies lay out the procedure and criteria to determine whether a procedure, treatment, facility, equipment, medication or device is *medically necessary* and eligible for coverage, *investigational or experimental*, *cosmetic*, a convenience item, or requires *prior authorization* and *certification* by *BCBSNC*. The most up-to-date medical policies are available at www.shpnc.org, or call *State Health Plan* Customer Service at the number listed in "Who to Contact."

Office Services

Care you receive from a *doctor*, physician's assistant, nurse practitioner or nurse midwife as part of an *office visit* or house call is covered with a *copayment*, except as otherwise noted in this benefits booklet. Some *providers* may get *ancillary services*, such as laboratory services, medical equipment, supplies or *specialty medications* from third parties. In these cases, you may be billed directly by the *ancillary provider*. Benefit payments for these services will be based on the type of *ancillary provider*, its network status, and how the services are billed.

Some *doctors* or other *providers* may practice in *outpatient clinics* or provide *hospital-based* services in their offices. In these cases, the services received may be billed as *Outpatient Services* and may be subject to your *benefit period deductible* and *coinsurance*. See *Outpatient Clinic Services* in the "Summary of Benefits." These *providers* are identified in the *provider directory*, which is available on our website at www.shpnc.org or by calling *State Health Plan* Customer Service at the number in "Who to Contact."

A *copayment* will not apply if you only receive services such as allergy shots or other injections and are not charged for an *office visit*.

Office Services Exclusions

Services not covered when billed as an office service include:

- Services in free-standing surgical facilities, independent laboratories, therapy facilities or *outpatient hospital* departments
- Certain self-injectable *prescription medications* that can be self-administered. The list of these excluded medications may change from time to time. See our website at www.shpnc.org or call *State Health Plan* Customer Service for a list of these medications excluded in the office. Also see "Pharmacy Benefits" for information about purchasing *prescription medications* at the pharmacy.

Traditional 70/30 Plan (PPO) Summary of Benefits
Benefit Period: January 1, 2017 – December 31, 2017

➤ **Office Visit Services**

Prior authorization by your *Mental Health Case Manager* is not required for mental health and *substance abuse* office visit services. The following professional services are covered when provided in an office setting:

- Evaluation and diagnosis
- Preventive *office visits*
- *Medically necessary* biofeedback and neuropsychological testing
- Individual and family counseling
- Group therapy
- *Medically necessary services for the treatment of gender dysphoria*

➤ **Outpatient Services**

Covered *outpatient* treatment services when provided in a mental health or *substance abuse* treatment facility include:

- Each service listed in the section under *office visit* services
- Partial-day/night hospitalization services (minimum of four hours per day and 20 hours per week)
- Intensive *Outpatient* Program Services (less than four hours per day and minimum of nine hours per week)
- Certain *in-network* and *out-of-network outpatient* services, such as partial hospitalization and intensive therapy, require *prior authorization* and *certification* or services will not be covered. The timeframe for receiving *prior authorization* and treatment *certification* are set forth in the table below. The list of services that require *prior authorization* may change from time to time

➤ **Inpatient Services**

Covered *inpatient* treatment services also include:

- Each service listed under *office visit* services
- Semi-private room and board
- Detoxification to treat *substance abuse*

Prior Authorization must be requested and *certification* must be obtained in advance for *inpatient* services or services will not be covered, except for *emergencies*. *In-network providers* in North Carolina are responsible for requesting *prior review* and obtaining *certification*. If *prior review* is not requested and *certification* is not obtained for covered *out-of-network inpatient* admissions, services will be denied.

➤ **Residential Treatment Facility Services**

Prior authorization must be requested and *certification* must be obtained in advance for mental health and *substance abuse* services received in a *residential treatment facility*. *In-network providers* in North Carolina are responsible for requesting *prior authorization* and obtaining *certification*. If *prior authorization* is not requested and *certification* is not obtained for covered *out-of-network residential treatment facility* services, services will be denied.

➤ **Applied Behavior Analysis**

Coverage is provided for *Applied Behavior Analysis* when all of the following conditions are met:

- The *member* is younger than age 26
- Diagnosed with Autism Spectrum Disorder by a licensed physician (MD or DO) or a licensed doctoral level clinical psychologist (PhD or PsyD) utilizing results from a face-to-face evaluation and a clinically recognized, validated tool endorsed by the *Mental Health Case Manager*
- Treatment is determined by the *Mental Health Case Manager* to be *medically necessary*

Other than those listed in the second bullet above, no *other providers* are eligible for reimbursement of the diagnostic evaluation. Licensure of the MD, DO, PhD or PsyD must be in the state in which the diagnostic evaluation is performed.

The diagnostic evaluation does not require prior approval. However, the results of the diagnostic evaluation may be requested by the *Mental Health Case Manager* when authorization for ABA (Applied Behavior Analysis) is requested.

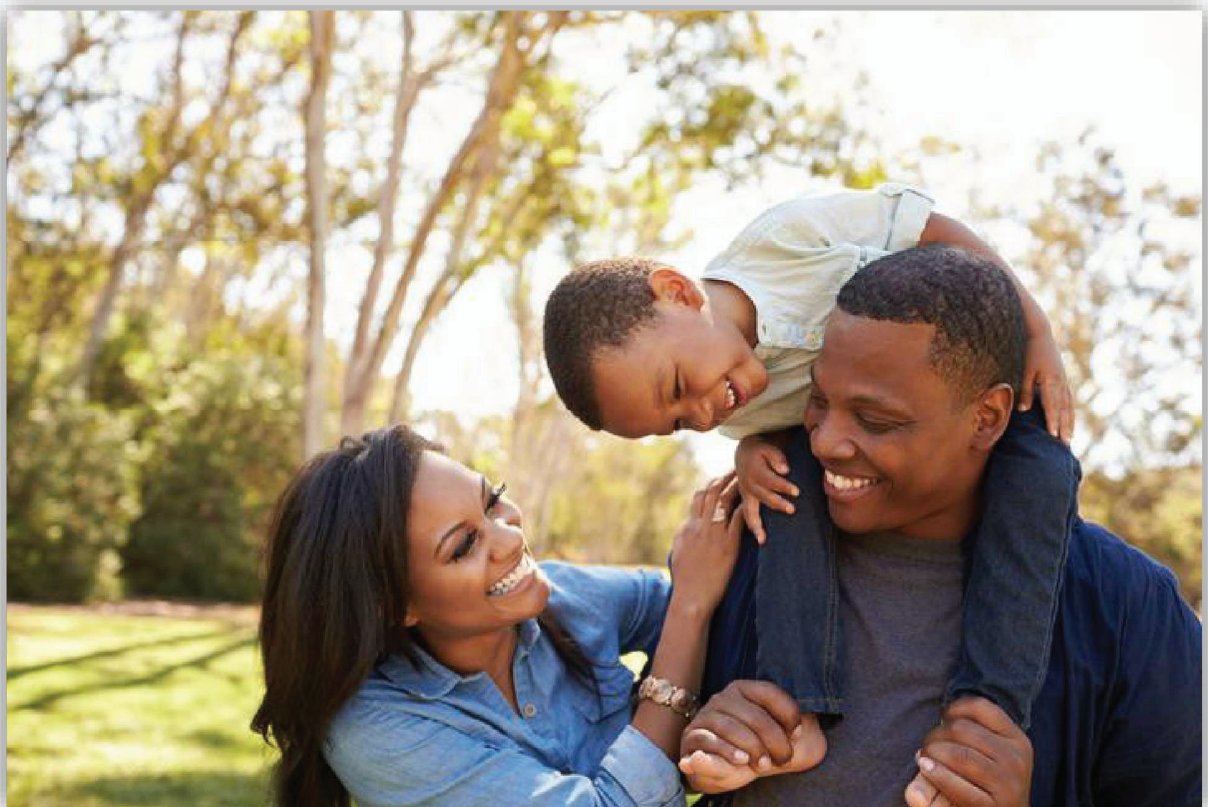
Clinically recognized, validated tools endorsed by the *Mental Health Case Manager* can be found at <http://www.cdc.gov/ncbddd/autism/screening.html>.

State Health Plan for Teachers and State Employees

70/30 PPO Plan

Benefits Booklet

January 1, 2018 – December 31, 2018



70/30 Plan (PPO) Summary of Benefits
Benefit Period: January 1, 2018 – December 31, 2018



Outside of North Carolina

Although *prior authorization* is not required in an *emergency*, you may contact the *Mental Health Case Manager* for assistance in locating a *provider*.

If you need urgent *inpatient* or *outpatient* mental health or *substance abuse* services while outside North Carolina, contact Customer Service at the number listed in “Who to Contact” for assistance in locating a *provider*. You must request *prior authorization* and receive *certification* from the *Mental Health Case Manager* for mental health and *substance abuse* services other than *office visits* or in *emergencies*. The numbers for *Mental Health Case Manager* are provided in “Who to Contact” and on the back of your *ID card*. For more information on these services, see “Covered Services.”

➤ Timeframe Requirements for *Prior Authorization* and Treatment *Certification* of Covered Services

Covered Service	Within Two (2) Business Days of Admission	Prior to Admission to the Program	Continuing Treatment Certifications*
Crisis Evaluation & Stabilization	X		X
Psychiatric Inpatient Hospital	X		X
Substance Abuse Inpatient Hospital	X		X
Inpatient Medical Detoxification	X		X
Psychiatric Residential Treatment Center		X	X
Substance Abuse Residential Treatment Center		X	X
Psychiatric Partial Hospitalization Program		X	X
Substance Abuse Partial Hospitalization Program		X	X
Psychiatric Intensive Outpatient Program		X	X
Substance Abuse Intensive Outpatient Program		X	X

*Continuing treatment certifications must be requested by the last date of any previously certified period. Otherwise, certification decisions by the Mental Health Case Manager are effective as of the date the request for certification is received by the Mental Health Case Manager.

*The following notice applies only when you are responsible for obtaining *certification*. NOTICE: Your actual expenses for *covered services* may exceed the stated *coinsurance* percentage or *copayment* amount because actual *provider charges* may not be used to determine the *Plan's* and *member's* payment obligations. For *out-of-network* benefits, you may be required to pay for charges over the *allowed amount* in addition to any *copayment* or *coinsurance* amount. In addition, certain services require *prior authorization* and *certification*. You are responsible for obtaining or having your *provider* obtain *certification* on your behalf if you go to an *out-of-network*, or *out-of-state provider*. Failure to obtain *certification* will result in a full denial of benefits.

Mental Health and Substance Abuse Services Exclusions and Limitations

- Care for conditions not classified as psychiatric, emotional, or *substance abuse* illnesses
- Psychoanalysis
- Counseling with relatives about a patient with *mental illness*, alcoholism, drug addiction or *substance abuse*
- *Inpatient* confinements that are primarily intended as a change of environment
- Mental health services received in psychiatric residential treatment facilities when age 18 or older
- *Substance abuse* residential treatment facilities are covered for all ages.
- Marriage Counseling

70/30 Plan (PPO) Summary of Benefits
Benefit Period: January 1, 2018 – December 31, 2018



- *Inpatient* psychiatric care rendered in a *hospital* not accredited by JCAHO
- *Inpatient substance abuse* care rendered in a facility which is not currently accredited by a national health care organization approved by the *Mental Health Case Manager*
- *Inpatient hospital* care for medical detoxification rendered in a facility which is not licensed as a *hospital* and currently accredited by a national health care organization approved by the *Mental Health Case Manager*
- Outdoor components of a residential *substance abuse* treatment program, when such program is licensed as a *substance abuse* treatment program in the state in which services are provided, are covered only if facility based services are available as a part of the same program
- Primary treatment of a psychiatric disorder in a residential treatment center (RTC) unless the RTC is licensed as a psychiatric RTC
- Primary treatment of a *substance abuse* or *substance abuse* disorder in a residential treatment center (RTC) unless the RTC is licensed as a *substance abuse* or substance abuse RTC
- Services by *providers* not currently licensed in the state in which services are provided
- Psychotherapy as part of artificial means of conception
- Psychological assessment and psychotherapy treatment in conjunction with proposed gender transformation
- Psychological testing for those persons with a *substance abuse* diagnosis until 30 consecutive days of abstinence are obtained
- Therapeutic boarding schools as a psychiatric residential treatment center (RTC) unless the program is licensed for psychiatric RTC in the state in which services are provided, has *registered nurses* who are present on-site 24-hours per day, and holds current national accreditation by a national health care accrediting body approved by the *Mental Health Case Manager*
- Therapeutic boarding schools as a *substance abuse* or *substance abuse* residential treatment center (RTC) unless the program is licensed as a *substance abuse* RTC in the state in which services are provided and has licensed supervision of all residents 24 hours per day, seven days per week
- Wilderness camps, wilderness “step-down” components of a residential program, and stand-alone outdoor treatment programs or outdoor “step-down” components of a residential program are not covered as a psychiatric RTC unless the program is licensed for psychiatric residential treatment in the state in which services are provided, has *registered nurses* who are present on-site 24-hours per day, and holds current national accreditation by a national health care accrediting body approved by the *Mental Health Case Manager*
- Wilderness camps and stand-alone outdoor treatment programs are not covered as *substance abuse* or *substance abuse* RTC programs
- Academic education during residential treatment when charged separately
- Administrative psychiatric services (e.g., expert testimony, report writing, medical records review and maintenance, case management or case coordination, chart review, etc.)
- Consultation with a mental health professional for adjudication of marital, child support, and custody cases
- Evaluations, consultations, testing or therapy for educational, professional training, or for investigation purposes relating to employment, insurance, judicial or administrative proceedings
- Training analysis
- Treatment for personal or professional growth, development, training or professional *certification*
- Aversive Treatment
- Treatment programs based solely on the 12-step Model
- Erhard Seminar Training (EST) or similar motivational services
- Bioenergetic, carbon dioxide, confrontational, hyperbaric or normobaric oxygen, marathon, megavitamin, orthomolecular, primal, rebirthing, or sleep therapies
- Expressive therapies (art, poetry, movement, psychodrama), guided imagery, or stress and relaxation therapy when billed separately
- Telephonic crisis management as a separate charge
- Sedative action, electro stimulation therapy
- Z therapy, also known as “holding therapy”

What is not Covered?

- **Travel**, whether or not recommended or prescribed by a *doctor* or other licensed health care professional, except as specifically covered by the *Plan*.
- Treatment or studies leading to or in connection with sex changes or modifications and related care

V

- The following **vision** services:
 - Radial keratotomy and other refractive eye *surgery*, and related services to correct vision except for surgical correction of an eye injury. Also excluded are premium intraocular lenses or the services related to the insertion of premium lenses beyond what is required for insertion of conventional intraocular lenses, which are small, lightweight, clear disks that replace the distance-focusing power of the eye's natural crystalline lens.
 - Routine eye examination services except as specifically covered by the *Plan*
 - Eyeglasses or contact lenses, except as specifically covered in "*Prosthetic appliances*."
 - Orthoptics, vision training, and low vision aids.
- For over-the-counter and non-federal legend **Vitamins**, food supplements or replacements, nutritional or dietary supplements, formulas or special foods of any kind, except for *prescription* prenatal vitamins or *prescription* vitamin B-12 injections for anemias, neuropathies or dementias secondary to a vitamin B-12 deficiency, or certain over-the-counter medications that may be available under your *preventive care* benefits for certain individuals.

W

- **Wigs**, hair pieces and services for hair implants and electrolysis for any reason.


State Health Plan for Teachers and State Employees

70/30 PPO Plan

Benefits Booklet

January 1, 2019 – December 31, 2019





Psychiatric <i>Inpatient Hospital</i>	X		X
<i>Substance Abuse Inpatient Hospital</i>	X		X
<i>Inpatient Medical Detoxification</i>	X		X
Psychiatric Residential Treatment Center		X	X
<i>Substance Abuse Residential Treatment Center</i>		X	X
Psychiatric Partial <i>Hospitalization Program</i>		X	X
<i>Substance Abuse Partial Hospitalization Program</i>		X	X
Psychiatric Intensive <i>Outpatient Program</i>		X	X
<i>Substance Abuse Intensive Outpatient Program</i>		X	X

**Continuing treatment certifications must be requested by the last date of any previously certified period. Otherwise, certification decisions by the Mental Health Case Manager are effective as of the date the request for certification is received by the Mental Health Case Manager.*

*The following notice applies only when you are responsible for obtaining *certification*. NOTICE: Your actual expenses for *covered services* may exceed the stated *coinsurance* percentage or *copayment* amount because actual *provider* charges may not be used to determine the *Plan's* and *member's* payment obligations. For *out-of-network* benefits, you may be required to pay for charges over the *allowed amount* in addition to any *copayment* or *coinsurance* amount. In addition, certain services require *prior authorization* and *certification*. You are responsible for obtaining or having your *provider* obtain *certification* on your behalf if you go to an *out-of-network*, or out-of-state *provider*. Failure to obtain *certification* will result in a full denial of benefits.

Mental Health and *Substance Abuse* Services Exclusions and Limitations:

- Care for conditions not classified as psychiatric, emotional, or *substance abuse* illnesses.
- Psychoanalysis.
- Counseling with relatives about a patient with *mental illness*, alcoholism, drug addiction or *substance abuse*.
- *Inpatient* confinements that are primarily intended as a change of environment.
- Mental health services received in psychiatric residential treatment facilities when age 18 or older.
- *Substance abuse* residential treatment facilities are covered for all ages.
- Marriage Counseling.
- *Inpatient* psychiatric care rendered in a *hospital* not accredited by JCAHO.
- *Inpatient substance abuse* care rendered in a facility which is not currently accredited by a national health care organization approved by the *Mental Health Case Manager*.

- *Inpatient hospital* care for medical detoxification rendered in a facility which is not licensed as a *hospital* and currently accredited by a national health care organization approved by the *Mental Health Case Manager*.
- Outdoor components of a residential *substance abuse* treatment program, when such program is licensed as a *substance abuse* treatment program in the state in which services are provided, are covered only if facility based services are available as a part of the same program.
- Primary treatment of a psychiatric disorder in a residential treatment center (RTC) unless the RTC is licensed as a psychiatric RTC.
- Primary treatment of a *substance abuse* or *substance abuse* disorder in a residential treatment center (RTC) unless the RTC is licensed as a *substance abuse* or *substance abuse* RTC.
- Services by *providers* not currently licensed in the state in which services are provided.
- Psychotherapy as part of artificial means of conception.
- Psychological assessment and psychotherapy treatment in conjunction with proposed gender transformation.
- Psychological testing for those persons with a *substance abuse* diagnosis until 30 consecutive days of abstinence are obtained.
- Therapeutic boarding schools as a psychiatric residential treatment center (RTC) unless the program is licensed for psychiatric RTC in the state in which services are provided, has *registered nurses* who are present on-site 24-hours per day, and holds current national accreditation by a national health care accrediting body approved by the *Mental Health Case Manager*.
- Therapeutic boarding schools as a *substance abuse* or *substance abuse* residential treatment center (RTC) unless the program is licensed as a *substance abuse* RTC in the state in which services are provided and has licensed supervision of all residents 24 hours per day, seven days per week.
- Wilderness camps, wilderness “step-down” components of a residential program, and stand-alone outdoor treatment programs or outdoor “step-down” components of a residential program are not covered as a psychiatric RTC unless the program is licensed for psychiatric residential treatment in the state in which services are provided, has *registered nurses* who are present on-site 24-hours per day, and holds current national accreditation by a national health care accrediting body approved by the *Mental Health Case Manager*.
- Wilderness camps and stand-alone outdoor treatment programs are not covered as *substance abuse* or *substance abuse* RTC programs.
- Academic education during residential treatment when charged separately.
- Administrative psychiatric services (e.g., expert testimony, report writing, medical records review and maintenance, case management or case coordination, chart review, etc.)
- Consultation with a mental health professional for adjudication of marital, child support, and custody cases.
- Evaluations, consultations, testing or therapy for educational, professional training, or for investigation purposes relating to employment, insurance, judicial or administrative proceedings.
- Training analysis.
- Treatment for personal or professional growth, development, training or professional *certification*.
- Aversive Treatment.
- Treatment programs based solely on the 12-step Model.
- Erhard Seminar Training (EST) or similar motivational services.

Medicare Part D

IMPORTANT INFORMATION REGARDING YOUR PRESCRIPTION MEDICATION COVERAGE AND MEDICARE

Effective January 1, 2006, Medicare began offering *prescription medication* coverage for all persons enrolled in Medicare. The *State Health Plan* will continue to provide *prescription medication coverage* for all *members on this plan*.

When *members* become eligible for Medicare Part D, they will receive a notice of *creditable coverage* from the *State Health Plan*. "*Creditable Coverage*" means that your *prescription medication* coverage is at least as good as Part D coverage.

If your current *prescription medication* coverage qualifies as "*creditable coverage*," you should not need Part D coverage, unless you are Medicaid eligible or eligible for low- income assistance. *Members* of the *State Health Plan* should evaluate their own coverage needs prior to purchasing a Medicare *Prescription Medication Plan*.

Part D: Is provided* by the *State Health Plan* and pays for *prescription medication* coverage.

*High income members may be subject to an income-related monthly adjustment amount by Social Security.

What Is Not Covered?

Exclusions for a specific type of service are stated along with the benefit description in "*Covered Services*." Exclusions that apply to many services are listed in this section, starting with general exclusions and then the remaining exclusions are listed in alphabetical order. To understand all of the exclusions that apply, read "*Covered Services*," "Summary of Benefits" and "What Is Not Covered?" The *Plan* does not cover services, supplies, medications or charges for:

- Anything specifically listed in this benefits booklet as not covered or excluded, regardless of *medical necessity*.
- Any condition, disease, ailment, injury or diagnostic service to the extent that benefits are provided or persons are eligible for coverage under Title XVIII of the Social Security Act of 1965, including amendments, except as otherwise required by federal law.
- Conditions that federal, state or local law requires to be treated in a public facility.
- Any condition, disease, illness or injury that occurs in the course of employment, if the *member*, employer or carrier is liable or responsible for the specific medical charge (1) according to a final adjudication of the claim under a state's workers' compensation laws, or (2) by an order of a state Industrial Commission or other applicable regulatory agency approving a settlement agreement.
- Basic life or work-related or medical disability examinations.
- Benefits that are provided by any governmental unit except as required by law.
- Services that are ordered by a court that are otherwise excluded from benefits under this *Plan*.
- Any condition suffered as a result of any act of war or while on active or reserve military duty.
- Services in excess of any *benefit period maximum* or *lifetime maximum*.
- Received prior to the *member's effective date*.
- Received after the coverage termination date, regardless of when the treated condition occurred, and regardless of whether the care is a continuation of care received prior to the termination.



	<p>equipment used similarly, except as specifically covered by the <i>Plan</i>.</p> <ul style="list-style-type: none">○ Maintenance therapy.○ Massage therapy.○ Alternative therapy.○ Hypothermia therapy.• Thermography or thermograph examination.• Travel, whether or not recommended or prescribed by a <i>doctor</i> or other licensed health care professional, except as specifically covered by the <i>Plan</i>.• Treatment or studies leading to or in connection with sex changes or modifications and related care.
V	<ul style="list-style-type: none">• The following vision services:<ul style="list-style-type: none">○ Radial keratotomy and other refractive eye <i>surgery</i>, and related services to correct vision except for surgical correction of an eye injury. Also excluded are premium intraocular lenses or the services related to the insertion of premium lenses beyond what is required for insertion of conventional intraocular lenses, which are small, lightweight, clear disks that replace the distance-focusing power of the eye's natural crystalline lens.○ Routine eye examination services except as specifically covered by the <i>Plan</i>.○ Eyeglasses or contact lenses, except as specifically covered in "<i>Prosthetic appliances</i>."• Orthoptics, vision training, and low vision aids. For over-the-counter and non-federal legend Vitamins, food supplements or replacements, nutritional or dietary supplements, formulas or special foods of any kind, except for <i>prescription</i> prenatal vitamins or <i>prescription</i> vitamin B-12 injections for anemias, neuropathies or dementias secondary to a vitamin B-12 deficiency, or certain over-the-counter medications that may be available under your <i>preventive care</i> benefits for certain individuals.
W	<ul style="list-style-type: none">• Wigs, hair pieces and services for hair <i>implants</i> and electrolysis for any reason.

Utilization Management

To make sure you have access to high quality, cost effective health care, the *State Health Plan* has a *Utilization Management (UM)* program. The *UM* program requires that certain health care services be reviewed and approved by the *State Health Plan* or its representative in order to receive benefits. As part of this process, the

State Health Plan for Teachers and State Employees

70/30 PPO Plan

Benefits Booklet

January 1, 2020 - December 31, 2020



WHAT IS NOT COVERED?

Exclusions for a specific type of service are stated along with the benefit description in "Covered Services." Exclusions that apply to many services are listed in this section, starting with general exclusions and then the remaining exclusions are listed in alphabetical order. To understand all of the exclusions that apply, read "Covered Services," "Summary of Benefits" and "What Is Not Covered?" The *Plan* does not cover services, supplies, medications or charges for:

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- Conditions that federal, state or local law requires to be treated in a public facility.
- Any condition, disease, illness, or injury that occurs in the course of employment, if the *member*, employer or carrier is liable or responsible for the specific medical charge (1) according to a final adjudication of the claim under a state's workers' compensation laws, or (2) by an order of a state Industrial Commission or other applicable regulatory agency approving a settlement agreement.
- Basic life or work-related or medical disability examinations.
- Benefits that are provided by any governmental unit except as required by law.
- Services that are ordered by a court that are otherwise excluded from benefits under this Plan.
- Any condition suffered as a result of any act of war or while on active or reserve military duty.
- Services in excess of any *benefit period maximum* or *lifetime maximum*.
- Received prior to the *member's effective date*.
- Received after the coverage termination date, regardless of when the treated condition occurred, and regardless of whether the care is a continuation of care received prior to the termination.
- Received from a dental or medical department maintained by or on behalf of an employer, a mutual benefit association, labor union, trust or similar person or group.
- Services provided at request of patient in a location other than physician's office which are normally provided in the physician's office.
- Day care services, chore services, attendant care services, homemaker services, companion care services, foster care services.
- Hair analysis, excluding arsenic.
- Transportation of portable X-ray equipment and personnel to home or nursing home, transportation of portable EKG to facility or other location.
- *Emergency* response systems.
- *Alternative medicine* services, which are unproven preventive or treatment modalities, also described as alternative, integrative, or complementary medicine, whether performed by a physician or any *other provider*.

In addition, the *Plan* does not cover the following services, supplies, medications or charges:

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- A**
- **Acupuncture** and **acupressure**.
 - **Administrative** charges billed by a *provider*, including, but not limited to charges for failure to keep a scheduled visit, completion of a claim form, obtaining medical records, late payments, shipping and handling, taxes and telephone charges.
 - Costs in excess of the **allowed amount** for services usually provided by one *doctor*, when those services are provided by multiple *doctors* or *medical care* provided by more than one *doctor* for treatment of the same condition.
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- Primary treatment of a psychiatric disorder in a *residential treatment center* (RTC) unless the RTC is licensed as a psychiatric RTC.
 - Primary treatment of a *substance abuse* or *substance abuse* disorder in a *residential treatment center* (RTC) unless the RTC is licensed as a *substance abuse* or substance abuse RTC.
 - Services by *providers* not currently licensed in the state in which services are provided.
 - Psychotherapy as part of artificial means of conception.
 - Psychological assessment and psychotherapy treatment in conjunction with proposed gender transformation.
 - Psychological testing for those persons with a *substance abuse* diagnosis until 30 consecutive days of abstinence are obtained.
 - Therapeutic boarding schools as a psychiatric residential treatment center (RTC) unless the program is licensed for psychiatric RTC in the state in which services are provided, has *registered nurses* who are present on-site 24-hours per day, and holds current national accreditation by a national health care accrediting body approved by the *Mental Health Case Manager*.
 - Therapeutic boarding schools as a *substance abuse* or *substance abuse* residential treatment center (RTC) unless the program is licensed as a *substance abuse* RTC in the state in which services are provided and has licensed supervision of all residents 24 hours per day, seven days per week.
 - Wilderness camps, wilderness “step-down” components of a residential program, and stand-alone outdoor treatment programs or outdoor “step-down” components of a residential program are not covered as a psychiatric RTC unless the program is licensed for psychiatric residential treatment in the state in which services are provided, has *registered nurses* who are present on-site 24-hours per day, and holds current national accreditation by a national health care accrediting body approved by the *Mental Health Case Manager*.
 - Wilderness camps and stand-alone outdoor treatment programs are not covered as *substance abuse* or *substance abuse* RTC programs.
 - Academic education during *residential treatment* when charged separately.
 - Administrative psychiatric services (e.g., expert testimony, report writing, medical records review and maintenance, case management or case coordination, chart review, etc.)
 - Consultation with a mental health professional for adjudication of marital, child support, and custody cases.
 - Evaluations, consultations, testing or therapy for educational, professional training, or for investigation purposes relating to employment, insurance, judicial or administrative proceedings.
 - Training analysis.
 - Treatment for personal or professional growth, development, training or professional *certification*.
 - Aversive Treatment.
 - Treatment programs based solely on the 12-step Model.
 - Erhard Seminar Training (EST) or similar motivational services.
 - Bioenergetic, carbon dioxide, confrontational, hyperbaric or normobaric oxygen, marathon, megavitamin, orthomolecular, primal, rebirthing, or sleep therapies.
 - Expressive therapies (art, poetry, movement, psychodrama), guided imagery, or stress and relaxation therapy when billed separately.
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- Occlusal (bite) adjustments.
 - Extractions.
 - The following types of **therapy**:
 - Applied Behavior Analysis (ABA) therapy except as specifically identified by the *Plan*.
 - Music therapy, recreational or activity therapy, and all types of animal therapy. Remedial reading and all forms of special education and supplies or equipment used similarly, except as specifically covered by the *Plan*.
 - Massage therapy.
 - Alternative therapy.
 - Hypothermia therapy.
 - Cognitive therapy.
 - Speech therapy for stammering, stuttering, or developmental delay.
 - Treatment of speech, language, voice, communication and/or auditory processing disorder.
 - Pulmonary rehabilitation group sessions.
 - Peripheral arterial disease rehabilitation.
 - Community or work integration training, work hardening or conditioning.
 - **Thermography** or **thermograph** examination.
 - **Transplant** exclusions include:
 - The purchase price of the organ or tissue if any organ or tissue is sold rather than donated to the recipient *member*.
 - The procurement of organs, tissue, bone marrow or peripheral blood stem cells or any other donor services if the recipient is not a *member*.
 - *Transplants*, including high dose chemotherapy, considered *experimental* or *investigational*.
 - Services for or related to the transplantation of animal or artificial organs or tissues.
 - **Travel**, whether or not recommended or prescribed by a *doctor* or other licensed health care professional, except as specifically covered by the *Plan*.
 - **Treatment** or studies leading to or in connection with sex changes or modifications and related care.

V

- The following **vision** services:
 - Radial keratotomy and other refractive eye *surgery*, and related services to correct vision except for surgical correction of an eye injury. Also excluded are premium intraocular lenses or the services related to the insertion of premium lenses beyond what is required for insertion of conventional intraocular lenses, which are small, lightweight, clear disks that replace the distance-focusing power of the eye's natural crystalline lens.
 - Routine eye examination services except as specifically covered by the *Plan*.
 - Eyeglasses or contact lenses, except as specifically covered in "*Prosthetic appliances*."
 - Orthoptics, vision training, and low vision aids.
- For over-the-counter and non-federal legend **Vitamins**, food supplements or replacements, nutritional or dietary supplements, formulas, or special foods of any

**State Health Plan for Teachers and State
Employees**

70/30 PPO Plan

Benefits Booklet

January 1, 2021 - December 31, 2021



WHAT IS NOT COVERED?

Exclusions for a specific type of service are stated along with the benefit description in "Covered Services." Exclusions that apply to many services are listed in this section, starting with general exclusions and then the remaining exclusions are listed in alphabetical order. To understand all of the exclusions that apply, read "Covered Services," "Summary of Benefits" and "What Is Not Covered?" The *Plan* does not cover services, supplies, medications or charges for:

- Anything specifically listed in this benefits booklet as not covered or excluded, regardless of *medical necessity*.
- Any condition, disease, ailment, injury, or diagnostic service to the extent that benefits are provided or persons are eligible for coverage under Title XVIII of the Social Security Act of 1965, including amendments, except as otherwise required by federal law.
- Conditions that federal, state or local law requires to be treated in a public facility.
- Any condition, disease, illness, or injury that occurs in the course of employment, if the *member*, employer or carrier is liable or responsible for the specific medical charge (1) according to a final adjudication of the claim under a state's workers' compensation laws, or (2) by an order of a state Industrial Commission or other applicable regulatory agency approving a settlement agreement.
- Basic life or work-related or medical disability examinations.
- Benefits that are provided by any governmental unit except as required by law.
- Services that are ordered by a court that are otherwise excluded from benefits under this Plan.
- Any condition suffered as a result of any act of war or while on active or reserve military duty.
- Services in excess of any *benefit period maximum* or *lifetime maximum*.
- Received prior to the *member's effective date*.
- Received after the coverage termination date, regardless of when the treated condition occurred, and regardless of whether the care is a continuation of care received prior to the termination.
- Received from a dental or medical department maintained by or on behalf of an employer, a mutual benefit association, labor union, trust or similar person or group.
- Day care services, chore services, attendant care services, homemaker services, companion care services, foster care services.
- Hair analysis, excluding arsenic.
- Transportation of portable X-ray equipment and personnel to home or nursing home, transportation of portable EKG to facility or other location.
- *Emergency* response systems.
- *Alternative medicine* services, which are unproven preventive or treatment modalities, also described as alternative, integrative, or complementary medicine, whether performed by a physician or any *other provider*.

In addition, the *Plan* does not cover the following services, supplies, medications or charges:

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- A**
- **Acupuncture and acupressure.**
 - **Administrative** charges billed by a *provider*, including, but not limited to charges for failure to keep a scheduled visit, completion of a claim form, obtaining medical records, late payments, shipping and handling, taxes and telephone charges.
 - Costs in excess of the **allowed amount** for services usually provided by one *doctor*, when those services are provided by multiple *doctors* or *medical care* provided by more than one *doctor* for treatment of the same condition.
 - **Ambulance services:**
 - No benefits are provided primarily for the convenience of travel or where not *medically necessary*.
 - Transportation for the purpose of receiving services that are not considered *covered services*, even if the destination is an appropriate facility.
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- Over-the-counter compression or elastic knee-high or other stocking products for **Lymphedema**.
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- Certain **Medical Supplies**
 - *Medical supplies* not ordered by a *doctor* for treatment of a specific diagnosis or procedure.
 - Thermometers.
 - Over-the-counter gauze, tape, adhesive first-aid bandages.
 - Spirometers and all related accessories.
 - Lubricants except when used in conjunction with specialized self-care procedures such as intermittent catheterization and insulin pumps.
 - Chemical or antiseptic solutions except when used in conjunction with specialized self-care procedures such as intermittent catheterization and insulin pumps.
 - Mucus traps.
 - Pocket nebulizers.
 - Replacement bulbs or lamps for therapeutic light
 - **Medical testimony**.
 - Services or supplies deemed not **medically necessary** or ordered by a provider.
 - **Mental Nervous and Substance Abuse** exclusions and limitations:
 - Care for conditions not classified as psychiatric, emotional, or *substance abuse* illnesses.
 - Psychoanalysis.
 - Counseling with relatives about a patient with *mental illness*, alcoholism, drug addiction or *substance abuse*.
 - *Inpatient* confinements that are primarily intended as a change of environment.
 - Mental health services received in psychiatric residential treatment facilities when age 18 or older.
 - *Substance Abuse* residential treatment facilities are covered for all ages.
 - Marriage counseling.
 - *Inpatient* psychiatric care rendered in a *hospital* not accredited by JCAHO.
 - *Inpatient Substance Abuse* care rendered in a facility which is not currently accredited by a national health care organization approved by the *Mental Health Case Manager*.
 - *Inpatient hospital* care for medical detoxification rendered in a facility which is not licensed as a *hospital* and currently accredited by a nationally recognized organization approved by the *Mental Health Case Manager*.
 - Outdoor components of a residential *substance abuse* treatment program, when such program is licensed as a *substance abuse* treatment program in the state in which services are provided, are covered only if facility-based services are available as a part of the same program.
 - Primary treatment of a psychiatric disorder in a *residential treatment center* (RTC) unless the RTC is licensed as a psychiatric RTC.
 - Primary treatment of a *substance abuse* or *substance abuse* disorder in a *residential treatment center* (RTC) unless the RTC is licensed as a *substance abuse* or *substance abuse* RTC.
 - Services by *providers* not currently licensed in the state in which services are provided.
 - Psychotherapy as part of artificial means of conception.
 - **Psychological assessment and psychotherapy treatment in conjunction with**
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proposed gender transformation.

- Psychological testing for those persons with a *substance abuse* diagnosis until 30 consecutive days of abstinence are obtained.
- Therapeutic boarding schools as a psychiatric residential treatment center (RTC) unless the program is licensed for psychiatric RTC in the state in which services are provided, has *registered nurses* who are present on-site 24-hours per day, and holds current national accreditation by a national health care accrediting body approved by the *Mental Health Case Manager*.
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- Academic education during *residential treatment* when charged separately.
- Administrative psychiatric services (e.g., expert testimony, report writing, medical records review and maintenance, case management or case coordination, chart review, etc.)
- Consultation with a mental health professional for adjudication of marital, child support, and custody cases.
- Evaluations, consultations, testing or therapy for educational, professional training, or for investigation purposes relating to employment, insurance, judicial or administrative proceedings.
- Training analysis.
- Treatment for personal or professional growth, development, training or professional *certification*.
- Aversive Treatment.
- Treatment programs based solely on the 12-step Model.
- Erhard Seminar Training (EST) or similar motivational services.
- Bioenergetic, carbon dioxide, confrontational, hyperbaric or normobaric oxygen, marathon, megavitamin, orthomolecular, primal, rebirthing, or sleep therapies.
- Expressive therapies (art, poetry, movement, psychodrama), guided imagery, or stress and relaxation therapy when billed separately.
- Telephonic crisis management as a separate charge.
- Sedative action, electro stimulation therapy.
- Z therapy, also known as "holding therapy."
- Narcotherapy with LSD.
- Environmental ecology treatments.
- Hemodialysis for schizophrenia.
- Rolfing.
- Sensitivity training.
- Room and Board costs for patients admitted to a partial *hospital* or intensive *outpatient* program are not covered.



-
- **Thermography** or **thermograph** examination.
 - **Transplant** exclusions include:
 - The purchase price of the organ or tissue if any organ or tissue is sold rather than donated to the recipient *member*.
 - The procurement of organs, tissue, bone marrow or peripheral blood stem cells or any other donor services if the recipient is not a *member*.
 - *Transplants*, including high dose chemotherapy, considered *experimental* or *investigational*.
 - Services for or related to the transplantation of animal or artificial organs or tissues.
 - **Travel**, whether or not recommended or prescribed by a *doctor* or other licensed health care professional, except as specifically covered by the *Plan*.
 - **Treatment** or studies leading to or in connection with sex changes or modifications and related care.
-

V

- The following **vision** services:
 - Radial keratotomy and other refractive eye *surgery*, and related services to correct vision except for surgical correction of an eye injury. Also excluded are premium intraocular lenses or the services related to the insertion of premium lenses beyond what is required for insertion of conventional intraocular lenses, which are small, lightweight, clear disks that replace the distance-focusing power of the eye's natural crystalline lens.
 - Routine eye examination services except as specifically covered by the *Plan*.
 - Eyeglasses or contact lenses, except as specifically covered in "*Prosthetic appliances*."
 - Orthoptics, vision training, and low vision aids.
 - For over-the-counter and non-federal legend **Vitamins**, food supplements or replacements, nutritional or dietary supplements, formulas, or special foods of any kind, except for *prescription* prenatal vitamins or *prescription* vitamin B-12 injections for anemias, neuropathies, or dementias secondary to a vitamin B-12 deficiency, or certain over-the-counter medications that may be available under your *preventive care* benefits for certain individuals.
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W

- **Wigs**, hair pieces and services for hair implants and electrolysis for any reason.
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Exhibit 9



North Carolina
State Health Plan

FOR TEACHERS AND STATE EMPLOYEES

A Division of the Department of State Treasurer

State Health Plan for Teachers and State Employees

Enhanced 80/20 PPO Plan

Benefits Booklet

January 1 – December 31, 2016



**BlueCross BlueShield
of North Carolina**

NCHEALTH
Smart

An initiative of the State Health Plan

Revised: August 3, 2016

Covered Services

Mental Health and Chemical Dependency Services Exclusions and Limitations

- Care for conditions not classified as psychiatric, emotional, or substance abuse illnesses
- Psychoanalysis
- Counseling with relatives about a patient with *mental illness*, alcoholism, drug addiction or substance abuse
- *Inpatient* confinements that are primarily intended as a change of environment
- Mental health services received in psychiatric residential treatment facilities when age 18 or older. Chemical Dependency residential treatment facilities are covered for all ages.
- Marriage counseling
- Inpatient psychiatric care rendered in a hospital not accredited by JCAHO
- Inpatient chemical dependency care rendered in a facility which is not currently accredited by a national health care organization approved by the Mental Health Case Manager.
- Inpatient hospital care for medical detoxification rendered in a facility which is not licensed as a hospital and currently accredited by a nationally recognized organization approved by the Mental Health Case Manager.
- Outdoor components of a residential chemical dependency treatment program, when such program is licensed as a chemical dependency treatment program in the state in which services are provided, are covered only if facility based services are available as a part of the same program
- Primary treatment of a psychiatric disorder in a residential treatment center (RTC) unless the RTC is licensed as a psychiatric RTC
- Primary treatment of a chemical dependency or substance abuse disorder in a residential treatment center (RTC) unless the RTC is licensed as a chemical dependency or substance abuse RTC
- Services by providers not currently licensed in the state in which services are provided
- Psychotherapy as part of artificial means of conception
- **Psychological assessment and psychotherapy treatment in conjunction with proposed gender transformation**
- Psychological testing for those persons with a chemical dependency diagnosis until 30 consecutive days of abstinence are obtained.
- Therapeutic boarding schools as a psychiatric residential treatment center (RTC) unless the program is licensed for psychiatric RTC in the state in which services are provided, has registered nurses who are present on-site 24-hours per day, and holds current national accreditation by a national health care accrediting body approved by the Mental Health Case Manager
- Therapeutic boarding schools as a chemical dependency or substance abuse residential treatment center (RTC) unless the program is licensed as a chemical dependency RTC in the state in which services are provided and has licensed supervision of all residents 24 hours per day, seven days per week
- Wilderness camps, wilderness “step-down” components of a residential program, and stand-alone outdoor treatment programs or outdoor “step-down” components of a residential program are not covered as a psychiatric RTC unless the program is licensed for psychiatric residential treatment in the state in which services are provided, has registered nurses who are present on-site 24-hours per day, and holds current national accreditation by a national health care accrediting body approved by the Mental Health Case Manager
- Wilderness camps and stand-alone outdoor treatment programs are not covered as chemical dependency or substance abuse RTC programs
- Academic education during residential treatment when charged separately
- Administrative psychiatric services (e.g., expert testimony, report writing, medical records review and maintenance, case management or case coordination, chart review, etc.)

What is not Covered?

- Received after the coverage termination date, regardless of when the treated condition occurred, and regardless of whether the care is a continuation of care received prior to the termination
- For telephone consultations or web-based, online or other electronic evaluations, charges for failure to keep a scheduled visit, charges for completion of a claim form, charges for obtaining medical records, and late payment charges
- *Incurred* more than 18 months prior to the *member's* submission of a claim
- For *cosmetic* purposes for any reason, including but not limited to removal of excess skin from the abdomen, arms or thighs, except as specifically covered by your health benefit plan
- For camisoles, or other clothing, post-mastectomy
- For any services that would not be necessary if a *non-covered service* had not been received, except for *emergency services* in the case of an *emergency*
- For benefits that are provided by any governmental unit except as required by law
- For services that are ordered by a court that are otherwise excluded from benefits under this health benefit plan
- For care that the *provider* cannot legally provide or legally charge or is outside the scope of license or *certification*
- Provided and billed by a licensed health care professional who is in training
- Available to a *member* without charge and/or for care given to a *member* by a *provider* who is in a *member's* immediate family
- For any condition suffered as a result of any act of war or while on active or reserve military duty
- In excess of the *allowed amount* for services usually provided by one doctor, when those services are provided by multiple doctors
- For palliative, *cosmetic* or *routine foot care*
- For dental care, dentures, dental implants, oral orthotic devices, palatal expanders and orthodontics except as specifically covered by the Plan
- Considered to be dental services provided in a *hospital*, except when a hazardous condition exists at the same time or covered oral *surgery* services are required at the same time as a result of a bodily injury
- For any treatment or regimen, medical or surgical, for the purpose of reducing or controlling the weight of a *member* or for treatment of obesity, except for nutritional visits or surgical treatment of morbid obesity, or as specifically covered by your health benefit plan
- Bariatric *surgery*, except when provided at a Blue Distinction Center (BDC).
- Wigs, hair pieces and hair implants for any reason
- Received from a dental or medical department maintained by or on behalf of an employer, a mutual benefit association, labor union, trust or similar person or group
- For prescribed *sexual dysfunction* medications
- **Treatment or studies leading to or in connection with sex changes or modifications and related care**
- Music therapy, remedial reading, recreational or activity therapy, alternative therapy services, all forms of special education and supplies or equipment used similarly
- Hypnosis except when used for control of acute or chronic pain
- Acupuncture and acupressure
- Surgical procedures for psychological or emotional reasons
- For travel, whether or not recommended or prescribed by a doctor or other licensed health care professional, except as specifically covered by your health benefit plan
- For heating pads, hot water bottles, ice packs and personal hygiene and convenience items such as, but not limited to, devices and equipment used for environmental control, incontinence products (including briefs, diapers, underwear, underpads), and urinary incontinence devices (including bed wetting devices) and equipment
- For devices and equipment used for environmental accommodation requiring vehicle and/or building modifications such as, but not limited to, positioning seats, chair lifts, stair lifts, home elevators, and ramps



State Health Plan for Teachers and State Employees

ENHANCED 80/20 PPO PLAN BENEFITS BOOKLET

January 1 – December 31, 2017





- Medically necessary services for the treatment of gender dysphoria.

Outpatient Services

Covered *outpatient* treatment services when provided in a mental health or *chemical dependency* treatment facility include:

- Each service listed in the section under *office visit* services
- Partial-day/night hospitalization services (minimum of four hours per day and 20 hours per week)
- Intensive Outpatient Program services (less than four hours per day and minimum of nine hours per week).
- Certain *in-network* and out-of-network outpatient services, such as partial hospitalization and intensive therapy, require prior authorization and *certification* or services will not be covered. The timeframe for receiving prior authorization and treatment certification are set forth in the table below. The list of services that require prior authorization may change from time to time.

Inpatient Services

Covered *inpatient* treatment services also include:

- Each service listed under *office visit* services
- Semi-private room and board
- Detoxification to treat *chemical dependency*.

Applied Behavior Analysis

Coverage is provided for *Applied Behavior Analysis* when all of the following conditions are met:

- The *member* is younger than age 26, and
- Diagnosed with Autism Spectrum Disorder by a licensed physician (MD or DO) or a licensed doctoral level clinical psychologist (PhD or PsyD) utilizing results from a face-to-face evaluation and a clinically recognized, validated tool endorsed by the Mental Health Case Manager, and
- Treatment is determined by the Mental Health Case Manager to be medically necessary

Other than those listed in the second bullet above, no other providers are eligible for reimbursement of the diagnostic evaluation. Licensure of the MD, DO, PhD or PsyD must be in the state in which the diagnostic evaluation is performed.

The diagnostic evaluation does not require prior approval. However, the results of the diagnostic evaluation may be requested by the Mental Health Case Manager when authorization for ABA (Applied Behavior Analysis) is requested.

Clinically recognized, validated tools endorsed by the Mental Health Case Manager can be found at <http://www.cdc.gov/ncbddd/autism/screening.html>.

ABA medical necessity criteria are available on the Mental Health Case Manager's web site at <https://www.beaconhealthoptions.com/providers/beacon/handbook/clinical-criteria/>.

Prior approval by the Mental Health Case Manager is required for the initiation of ABA treatment services. ABA therapy for which prior approval is not obtained will not be covered.

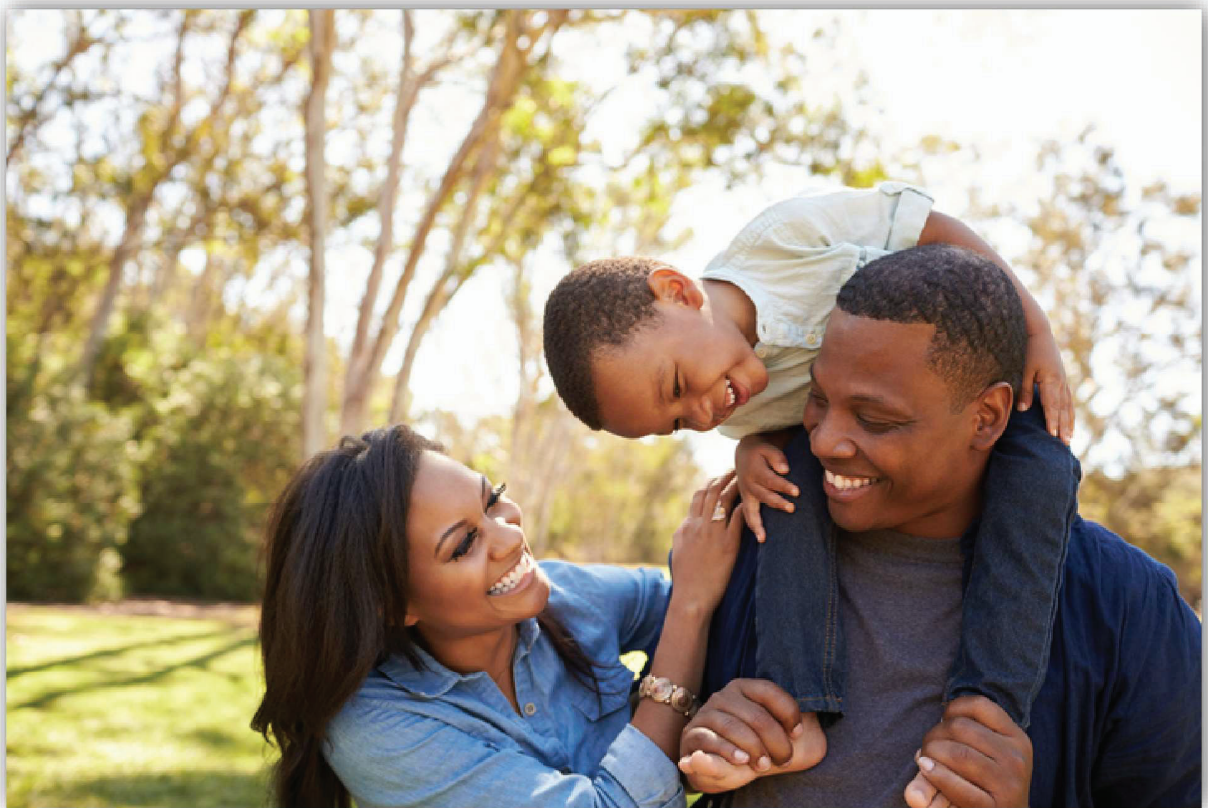
Coverage for *Applied Behavior Analysis (ABA)* is limited to a maximum of \$36,000 per benefit year and is only available in-network, both in-state and out-of-state.

State Health Plan for Teachers and State Employees

80/20 PPO Plan

Benefits Booklet

January 1, 2018-December 31, 2018



Covered Services

Psychiatric Intensive Outpatient Program		X	X
Substance Abuse Intensive Outpatient Program		X	X

*Continuing treatment certifications must be requested by the last date of any previously certified period. Otherwise, certification decisions by the Mental Health Case Manager are effective as of the date the request for certification is received by the Mental Health Case Manager.

*The following notice applies only when you are responsible for obtaining certification. NOTICE: Your actual expenses for covered services may exceed the stated coinsurance percentage or copayment amount because actual provider charges may not be used to determine the Plan's and member's payment obligations. For out-of-network benefits, you may be required to pay for charges over the allowed amount in addition to any copayment or coinsurance amount. In addition, certain services require prior authorization and certification. You are responsible for obtaining or having your provider obtain certification on your behalf if you go to an out-of-network, or out-of-state provider. Failure to obtain certification will result in a full denial of benefits.

Mental Health and Substance Abuse Services Exclusions and Limitations

- Care for conditions not classified as psychiatric, emotional, or substance abuse illnesses
- Psychoanalysis
- Counseling with relatives about a patient with mental illness, alcoholism, drug addiction or substance abuse
- Inpatient confinements that are primarily intended as a change of environment
- Mental health services received in psychiatric residential treatment facilities when age 18 or older.
- Substance Abuse residential treatment facilities are covered for all ages.
- Marriage counseling
- Inpatient psychiatric care rendered in a hospital not accredited by JCAHO
- Inpatient Substance Abuse care rendered in a facility which is not currently accredited by a national health care organization approved by the Mental Health Case Manager
- Inpatient hospital care for medical detoxification rendered in a facility which is not licensed as a hospital and currently accredited by a nationally recognized organization approved by the Mental Health Case Manager
- Outdoor components of a residential substance abuse treatment program, when such program is licensed as a substance abuse treatment program in the state in which services are provided, are covered only if facility based services are available as a part of the same program
- Primary treatment of a psychiatric disorder in a residential treatment center (RTC) unless the RTC is licensed as a psychiatric RTC
- Primary treatment of a substance abuse or substance abuse disorder in a residential treatment center (RTC) unless the RTC is licensed as a substance abuse or substance abuse RTC
- Services by providers not currently licensed in the state in which services are provided
- Psychotherapy as part of artificial means of conception
- Psychological assessment and psychotherapy treatment in conjunction with proposed gender transformation
- Psychological testing for those persons with a substance abuse diagnosis until 30 consecutive days of abstinence are obtained
- Therapeutic boarding schools as a psychiatric residential treatment center (RTC) unless the program is licensed for psychiatric RTC in the state in which services are provided, has registered nurses who are present on-site 24-hours per day, and holds current national accreditation by a national health care accrediting body approved by the Mental Health Case Manager
- Therapeutic boarding schools as a substance abuse or substance abuse residential treatment center (RTC) unless the program is licensed as a substance abuse RTC in the state in which services are provided and has licensed supervision of all residents 24 hours per day, seven days per week
- Wilderness camps, wilderness "step-down" components of a residential program, and stand-alone outdoor treatment programs or outdoor "step-down" components of a residential program are not covered as a psychiatric RTC unless the program is licensed for psychiatric residential treatment in the state in which services are provided, has registered nurses who are present on-site 24-hours per day, and holds current national accreditation by a national health care accrediting body approved by the Mental Health Case Manager

- Is not recognized by the *Plan* as an eligible *provider*

R

- The following **residential care** services:
 - Care in a self-care unit, apartment or similar facility operated by or connected with a *hospital*
 - Domiciliary care or rest cures, care provided and billed for by a hotel, health resort, convalescent home, rest home, nursing home or other extended care facility, home for the aged, infirmary, school infirmary, institution providing education in special environments, in residential treatment facilities (except for *substance abuse* and mental health treatment) or any similar facility or institution.
- **Respite care**, whether in the home or in a facility or *inpatient* setting, except as specifically covered by the *Plan*.

S

- **Services or supplies** that are:
 - Not performed by or upon the direction of a *doctor* or *other provider*
 - Compression stockings, garter belts, except as specifically covered by your health benefit plan
 - Available to a *member* with charge.
- **Sexual dysfunction** unrelated to organic disease.
- **Shoe** lifts, shoe accessories, attachment, equipment, inserts and other modifications, and shoes of any type unless part of a brace, and except as specifically covered by your health benefit plan
- Services, supplies, medications or equipment used for the control or treatment of **stammering or stuttering**.
- **Safety** equipment, devices or accessories, including but limited to helmets with face guards and soft interfaces and any type of restraints

T

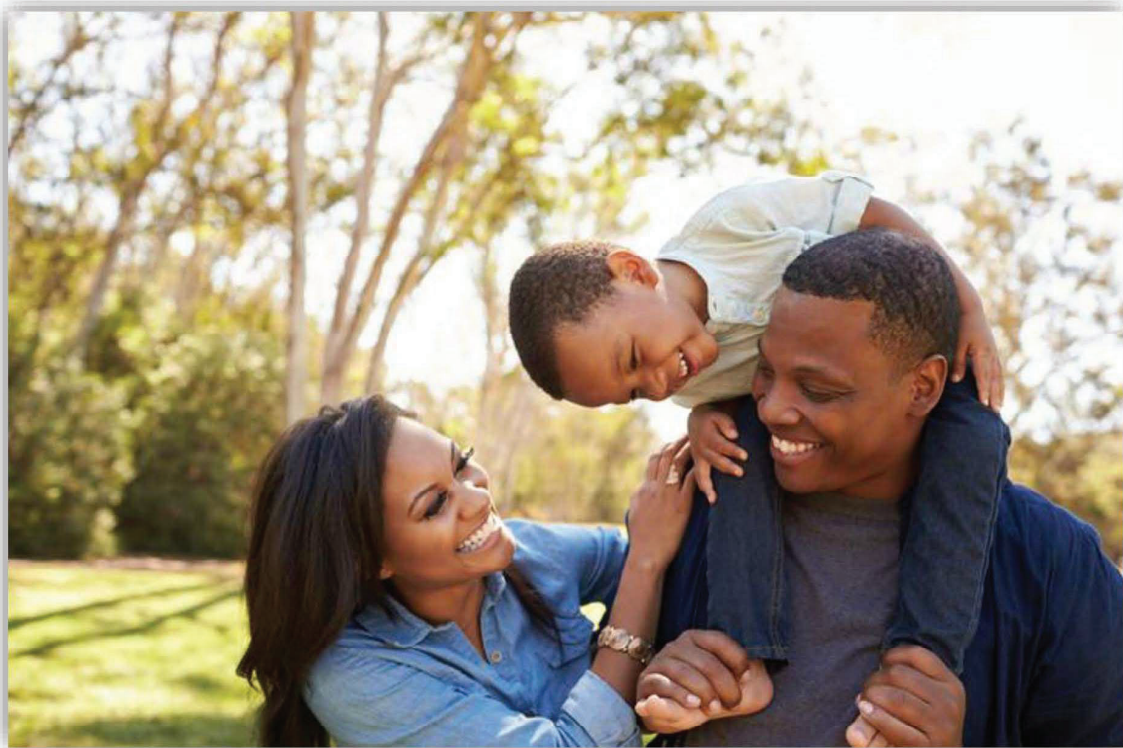
- **Telehealth** services originating site facility fees
- The following types of **therapy**:
 - Applied Behavior Analysis (ABA) therapy except as specifically identified by the *Plan*
 - Music therapy, recreational or activity therapy, and all types of animal therapy. Remedial reading and all forms of special education and supplies or equipment used similarly, except as specifically covered by the *Plan*
 - Maintenance therapy
 - Massage therapy
 - Alternative therapy
 - Hypothermia therapy
- **Thermography** or **thermograph** examination
- **Travel**, whether or not recommended or prescribed by a *doctor* or other licensed health care professional, except as specifically covered by the *Plan*.
- **Treatment or studies leading to or in connection with sex changes or modifications and related care**

V

- The following **vision** services:
 - Radial keratotomy and other refractive eye *surgery*, and related services to correct vision except for surgical correction of an eye injury. Also excluded are premium intraocular lenses or the services related to the insertion of

State Health Plan for Teachers and State Employees
80/20 PPO Plan
Benefits Booklet

January 1, 2019-December 31, 2019



order to meet the *Plan's* requirements for *prior authorization* and continuing treatment *certifications* of covered services.

You should work with your *doctor* or *other professional provider* to make sure that *certification* has been obtained for partial-day/night, intensive therapy, or *inpatient* services. See "*Utilization Management*." Contact the *Mental Health Case Manager* at the number given in "*Who to Contact*" for *certification*.

Outside of North Carolina

Although *prior authorization* is not required in an *emergency*, you may contact the *Mental Health Case Manager* for assistance in locating a *provider*.

If you need urgent *inpatient* or *outpatient* mental health or *substance abuse* services while outside North Carolina, contact Customer Service at the number listed in "*Who to Contact*" for assistance in locating a *provider*. You must request *prior authorization* and receive *certification* from the *Mental Health Case Manager* for mental health and *substance abuse* services other than *office visits* or in *emergencies*. The numbers for *Mental Health Case Manager* are provided in "*Who to Contact*" and on the back of your *ID card*. For more information on these services, see "*Covered Services*."

Timeframe Requirements for Prior Authorization and Treatment Certification of Covered Services*

Covered Service	Within Two (2) Business Days of Admission	Prior to Admission to the Program	Continuing Treatment Certifications*
Crisis Evaluation & Stabilization	X		X
Psychiatric <i>Inpatient Hospital</i>	X		X
<i>Substance Abuse Inpatient Hospital</i>	X		X
<i>Inpatient Medical Detoxification</i>	X		X
Psychiatric Residential Treatment Center		X	X
<i>Substance Abuse Residential Treatment Center</i>		X	X
Psychiatric Partial Hospitalization Program		X	X
<i>Substance Abuse Partial Hospitalization Program</i>		X	X
Psychiatric Intensive <i>Outpatient Program</i>		X	X
<i>Substance Abuse Intensive Outpatient Program</i>		X	X

*Continuing treatment certifications must be requested by the last date of any previously certified period. Otherwise, certification decisions by the *Mental Health Case Manager* are effective as of the date the request for certification is received by the *Mental Health Case Manager*.

**The following notice applies only when you are responsible for obtaining *certification*. NOTICE: Your actual expenses for *covered services* may exceed the stated *coinsurance* percentage or *copayment* amount because actual *provider* charges may not be used to determine the *Plan's* and *member's* payment obligations. For *out-of-network* benefits, you may be required to pay for charges over the *allowed amount* in addition to any *copayment* or *coinsurance* amount. In addition, certain services require *prior authorization* and *certification*. You are responsible for obtaining or having your *provider* obtain *certification* on your behalf if you go to an *out-of-network*, or *out-of-state provider*. Failure to obtain *certification* will result in a full denial of benefits.

Mental Health and Substance Abuse Services Exclusions and Limitations:

- Care for conditions not classified as psychiatric, emotional, or *substance abuse* illnesses.
- Psychoanalysis.



- Counseling with relatives about a patient with *mental illness*, alcoholism, drug addiction or *substance abuse*.
- *Inpatient* confinements that are primarily intended as a change of environment.
- Mental health services received in psychiatric residential treatment facilities when age 18 or older.
- *Substance Abuse* residential treatment facilities are covered for all ages.
- Marriage counseling.
- *Inpatient* psychiatric care rendered in a *hospital* not accredited by JCAHO.
- *Inpatient Substance Abuse* care rendered in a facility which is not currently accredited by a national health care organization approved by the *Mental Health Case Manager*.
- *Inpatient hospital* care for medical detoxification rendered in a facility which is not licensed as a *hospital* and currently accredited by a nationally recognized organization approved by the *Mental Health Case Manager*.
- Outdoor components of a residential *substance abuse* treatment program, when such program is licensed as a *substance abuse* treatment program in the state in which services are provided, are covered only if facility based services are available as a part of the same program.
- Primary treatment of a psychiatric disorder in a *residential treatment center* (RTC) unless the RTC is licensed as a psychiatric RTC.
- Primary treatment of a *substance abuse* or *substance abuse* disorder in a *residential treatment center* (RTC) unless the RTC is licensed as a *substance abuse* or substance abuse RTC.
- Services by *providers* not currently licensed in the state in which services are provided.
- Psychotherapy as part of artificial means of conception.
- Psychological assessment and psychotherapy treatment in conjunction with proposed gender transformation.
- Psychological testing for those persons with a *substance abuse* diagnosis until 30 consecutive days of abstinence are obtained.
- Therapeutic boarding schools as a psychiatric residential treatment center (RTC) unless the program is licensed for psychiatric RTC in the state in which services are provided, has *registered nurses* who are present on-site 24-hours per day, and holds current national accreditation by a national health care accrediting body approved by the *Mental Health Case Manager*.
- Therapeutic boarding schools as a *substance abuse* or *substance abuse* residential treatment center (RTC) unless the program is licensed as a *substance abuse* RTC in the state in which services are provided and has licensed supervision of all residents 24 hours per day, seven days per week.
- Wilderness camps, wilderness “step-down” components of a residential program, and stand-alone outdoor treatment programs or outdoor “step-down” components of a residential program are not covered as a psychiatric RTC unless the program is licensed for psychiatric residential treatment in the state in which services are provided, has *registered nurses* who are present on-site 24-hours per day, and holds current national accreditation by a national health care accrediting body approved by the *Mental Health Case Manager*.
- Wilderness camps and stand-alone outdoor treatment programs are not covered as *substance abuse* or *substance abuse* RTC programs.
- Academic education during *residential treatment* when charged separately.
- Administrative psychiatric services (e.g., expert testimony, report writing, medical records review and maintenance, case management or case coordination, chart review, etc.)
- Consultation with a mental health professional for adjudication of marital, child support, and custody cases.
- Evaluations, consultations, testing or therapy for educational, professional training, or for investigation purposes relating to employment, insurance, judicial or administrative proceedings.
- Training analysis.
- Treatment for personal or professional growth, development, training or professional *certification*.
- Aversive Treatment.
- Treatment programs based solely on the 12-step Model.
- Erhard Seminar Training (EST) or similar motivational services.
- Bioenergetic, carbon dioxide, confrontational, hyperbaric or normobaric oxygen, marathon, megavitamin, orthomolecular, primal, rebirthing, or sleep therapies.



WHAT IS NOT COVERED?

Exclusions for a specific type of service are stated along with the benefit description in "Covered Services." Exclusions that apply to many services are listed in this section, starting with general exclusions and then the remaining exclusions are listed in alphabetical order. To understand all of the exclusions that apply, read "Covered Services," "Summary of Benefits" and "What Is Not Covered?" The *Plan* does not cover services, supplies, medications or charges for:

- Anything specifically listed in this benefits booklet as not covered or excluded, regardless of *medical necessity*.
- Any condition, disease, ailment, injury or diagnostic service to the extent that benefits are provided or persons are eligible for coverage under Title XVIII of the Social Security Act of 1965, including amendments, except as otherwise required by federal law.
- Conditions that federal, state or local law requires to be treated in a public facility.
- Any condition, disease, illness or injury that occurs in the course of employment, if the *member*, employer or carrier is liable or responsible for the specific medical charge (1) according to a final adjudication of the claim under a state's workers' compensation laws, or (2) by an order of a state Industrial Commission or other applicable regulatory agency approving a settlement agreement.
- Basic life or work-related or medical disability examinations.
- Benefits that are provided by any governmental unit except as required by law.
- Services that are ordered by a court that are otherwise excluded from benefits under this Plan.
- Any condition suffered as a result of any act of war or while on active or reserve military duty.
- Services in excess of any *benefit period maximum* or *lifetime maximum*.
- Received prior to the *member's effective date*.
- Received after the coverage termination date, regardless of when the treated condition occurred, and regardless of whether the care is a continuation of care received prior to the termination.
- Received from a dental or medical department maintained by or on behalf of an employer, a mutual benefit association, labor union, trust or similar person or group.
- Services provided at request of patient in a location other than physician's office which are normally provided in the physician's office.
- Day care services, chore services, attendant care services, homemaker services, companion care services, foster care services.
- Hair analysis, excluding arsenic.
- Transportation of portable X-ray equipment and personnel to home or nursing home, transportation of portable EKG to facility or other location.
- *Emergency* response systems.
- *Alternative medicine* services, which are unproven preventive or treatment modalities, also described as alternative, integrative, or complementary medicine, whether performed by a physician or any *other provider*.

In addition, the *Plan* does not cover the following services, supplies, medications or charges:

A

- **Acupuncture** and **acupressure**.
 - **Administrative** charges billed by a *provider*, including charges for failure to keep a scheduled visit, completion of a claim form, obtaining medical records, late payments and telephone charges.
 - Costs in excess of the ***allowed amount*** for services usually provided by one *doctor*, when those services are provided by multiple *doctors* or *medical care* provided by more than one *doctor* for treatment of the same condition.
 - **Athletic** training evaluations or re-evaluations.
 - **Audiometric** testing of groups, Bekesy audiometry, ear protector attenuation measurements.
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- Care in a self-care unit, apartment or similar facility operated by or connected with a *hospital*.
 - Domiciliary care or rest cures, care provided and billed for by a hotel, health resort, convalescent home, rest home, nursing home or other extended care facility, home for the aged, infirmary, school infirmary, institution providing education in special environments, in residential treatment facilities (except for *substance abuse* and mental health treatment) or any similar facility or institution.
-
- **Respite care**, whether in the home or in a facility or *inpatient* setting, except as specifically covered by the *Plan*.
-

S

- **Services or supplies** that are:
 - Not performed by or upon the direction of a *doctor* or *other provider*.
 - Compression stockings, garter belts, except as specifically covered by your health benefit plan.
 - Available to a *member* without charge.
 - **Sexual dysfunction** unrelated to organic disease.
 - **Shoe** lifts, shoe accessories, attachment, equipment, inserts and other modifications, and shoes of any type unless part of a brace, and except as specifically covered by your health benefit plan.
 - Services, supplies, medications or equipment used for the control or treatment of **stammering or stuttering**.
 - **Safety** equipment, devices or accessories, including but limited to helmets with face guards and soft interfaces and any type of restraints.
-

T

- **Telehealth** services originating site facility fees.
 - The following types of **therapy**:
 - Applied Behavior Analysis (ABA) therapy except as specifically identified by the *Plan*.
 - Music therapy, recreational or activity therapy, and all types of animal therapy. Remedial reading and all forms of special education and supplies or equipment used similarly, except as specifically covered by the *Plan*.
 - Maintenance therapy.
 - Massage therapy.
 - Alternative therapy.
 - Hypothermia therapy.
 - **Thermography** or **thermograph** examination.
 - **Travel**, whether or not recommended or prescribed by a *doctor* or other licensed health care professional, except as specifically covered by the *Plan*.
 - **Treatment** or studies leading to or in connection with sex changes or modifications and related care.
-

V

- The following **vision** services:
 - Radial keratotomy and other refractive eye *surgery*, and related services to correct vision except for surgical correction of an eye injury. Also excluded are premium intraocular lenses or the services related to the insertion of premium lenses beyond what is required for insertion of conventional intraocular lenses, which are small, lightweight, clear disks that replace the distance-focusing power of the eye's natural crystalline lens.
 - Routine eye examination services except as specifically covered by the *Plan*.
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State Health Plan for Teachers and State Employees

80/20 PPO Plan

Benefits Booklet

January 1, 2020 - December 31, 2020



WHAT IS NOT COVERED?


Exclusions for a specific type of service are stated along with the benefit description in "Covered Services." Exclusions that apply to many services are listed in this section, starting with general exclusions and then the remaining exclusions are listed in alphabetical order. To understand all of the exclusions that apply, read "Covered Services," "Summary of Benefits" and "What Is Not Covered?" The *Plan* does not cover services, supplies, medications or charges for:

- Anything specifically listed in this benefits booklet as not covered or excluded, regardless of *medical necessity*.
- Any condition, disease, ailment, injury, or diagnostic service to the extent that benefits are provided or persons are eligible for coverage under Title XVIII of the Social Security Act of 1965, including amendments, except as otherwise required by federal law.
- Conditions that federal, state or local law requires to be treated in a public facility.
- Any condition, disease, illness, or injury that occurs in the course of employment, if the *member*, employer or carrier is liable or responsible for the specific medical charge (1) according to a final adjudication of the claim under a state's workers' compensation laws, or (2) by an order of a state Industrial Commission or other applicable regulatory agency approving a settlement agreement.
- Basic life or work-related or medical disability examinations.
- Benefits that are provided by any governmental unit except as required by law.
- Services that are ordered by a court that are otherwise excluded from benefits under this Plan.
- Any condition suffered as a result of any act of war or while on active or reserve military duty.
- Services in excess of any *benefit period maximum* or *lifetime maximum*.
- Received prior to the *member's effective date*.
- Received after the coverage termination date, regardless of when the treated condition occurred, and regardless of whether the care is a continuation of care received prior to the termination.
- Received from a dental or medical department maintained by or on behalf of an employer, a mutual benefit association, labor union, trust or similar person or group.
- Services provided at request of patient in a location other than physician's office which are normally provided in the physician's office.
- Day care services, chore services, attendant care services, homemaker services, companion care services, foster care services.
- Hair analysis, excluding arsenic.
- Transportation of portable X-ray equipment and personnel to home or nursing home, transportation of portable EKG to facility or other location.
- *Emergency* response systems.
- *Alternative medicine* services, which are unproven preventive or treatment modalities, also described as alternative, integrative, or complementary medicine, whether performed by a physician or any *other provider*.

In addition, the *Plan* does not cover the following services, supplies, medications or charges:

A

- **Acupuncture** and **acupressure**.
 - **Administrative** charges billed by a *provider*, including, but not limited to charges for failure to keep a scheduled visit, completion of a claim form, obtaining medical records, late payments, shipping and handling, taxes and telephone charges.
 - Costs in excess of the **allowed amount** for services usually provided by one *doctor*, when those services are provided by multiple *doctors* or *medical care* provided by more than one *doctor* for treatment of the same condition.
-

-
- 
- Primary treatment of a psychiatric disorder in a *residential treatment center* (RTC) unless the RTC is licensed as a psychiatric RTC.
 - Primary treatment of a *substance abuse* or *substance abuse* disorder in a *residential treatment center* (RTC) unless the RTC is licensed as a *substance abuse* or *substance abuse* RTC.
 - Services by *providers* not currently licensed in the state in which services are provided.
 - Psychotherapy as part of artificial means of conception.
 - Psychological assessment and psychotherapy treatment in conjunction with proposed gender transformation.
 - Psychological testing for those persons with a *substance abuse* diagnosis until 30 consecutive days of abstinence are obtained.
 - Therapeutic boarding schools as a psychiatric residential treatment center (RTC) unless the program is licensed for psychiatric RTC in the state in which services are provided, has *registered nurses* who are present on-site 24-hours per day, and holds current national accreditation by a national health care accrediting body approved by the *Mental Health Case Manager*.
 - Therapeutic boarding schools as a *substance abuse* or *substance abuse* residential treatment center (RTC) unless the program is licensed as a *substance abuse* RTC in the state in which services are provided and has licensed supervision of all residents 24 hours per day, seven days per week.
 - Wilderness camps, wilderness “step-down” components of a residential program, and stand-alone outdoor treatment programs or outdoor “step-down” components of a residential program are not covered as a psychiatric RTC unless the program is licensed for psychiatric residential treatment in the state in which services are provided, has *registered nurses* who are present on-site 24-hours per day, and holds current national accreditation by a national health care accrediting body approved by the *Mental Health Case Manager*.
 - Wilderness camps and stand-alone outdoor treatment programs are not covered as *substance abuse* or *substance abuse* RTC programs.
 - Academic education during *residential treatment* when charged separately.
 - Administrative psychiatric services (e.g., expert testimony, report writing, medical records review and maintenance, case management or case coordination, chart review, etc.)
 - Consultation with a mental health professional for adjudication of marital, child support, and custody cases.
 - Evaluations, consultations, testing or therapy for educational, professional training, or for investigation purposes relating to employment, insurance, judicial or administrative proceedings.
 - Training analysis.
 - Treatment for personal or professional growth, development, training or professional *certification*.
 - Aversive Treatment.
 - Treatment programs based solely on the 12-step Model.
 - Erhard Seminar Training (EST) or similar motivational services.
 - Bioenergetic, carbon dioxide, confrontational, hyperbaric or normobaric oxygen, marathon, megavitamin, orthomolecular, primal, rebirthing, or sleep therapies.
 - Expressive therapies (art, poetry, movement, psychodrama), guided imagery, or stress and relaxation therapy when billed separately.
-



-
- Occlusal (bite) adjustments.
 - Extractions.
 - The following types of **therapy**:
 - Applied Behavior Analysis (ABA) therapy except as specifically identified by the *Plan*.
 - Music therapy, recreational or activity therapy, and all types of animal therapy. Remedial reading and all forms of special education and supplies or equipment used similarly, except as specifically covered by the *Plan*.
 - Massage therapy.
 - Alternative therapy.
 - Hypothermia therapy.
 - Cognitive therapy.
 - Speech therapy for stammering, stuttering, or developmental delay.
 - Treatment of speech, language, voice, communication and/or auditory processing disorder.
 - Pulmonary rehabilitation group sessions.
 - Peripheral arterial disease rehabilitation.
 - Community or work integration training, work hardening or conditioning.
 - **Thermography** or **thermograph** examination.
 - **Transplant** exclusions include:
 - The purchase price of the organ or tissue if any organ or tissue is sold rather than donated to the recipient *member*.
 - The procurement of organs, tissue, bone marrow or peripheral blood stem cells or any other donor services if the recipient is not a *member*.
 - *Transplants*, including high dose chemotherapy, considered *experimental* or *investigational*.
 - Services for or related to the transplantation of animal or artificial organs or tissues.
 - **Travel**, whether or not recommended or prescribed by a *doctor* or other licensed health care professional, except as specifically covered by the *Plan*.
 - **Treatment** or studies leading to or in connection with sex changes or modifications and related care.

V

- The following **vision** services:
 - Radial keratotomy and other refractive eye *surgery*, and related services to correct vision except for surgical correction of an eye injury. Also excluded are premium intraocular lenses or the services related to the insertion of premium lenses beyond what is required for insertion of conventional intraocular lenses, which are small, lightweight, clear disks that replace the distance-focusing power of the eye's natural crystalline lens.
 - Routine eye examination services except as specifically covered by the *Plan*.
 - Eyeglasses or contact lenses, except as specifically covered in "*Prosthetic appliances*."
 - Orthoptics, vision training, and low vision aids.
- For over-the-counter and non-federal legend **Vitamins**, food supplements or replacements, nutritional or dietary supplements, formulas, or special foods of any

State Health Plan for Teachers and State
 Employees

80/20 PPO Plan

Benefits Booklet

January 1, 2021 - December 31, 2021



BlueCross BlueShield
of North Carolina

Revised:

WHAT IS NOT COVERED?

Exclusions for a specific type of service are stated along with the benefit description in "Covered Services." Exclusions that apply to many services are listed in this section, starting with general exclusions and then the remaining exclusions are listed in alphabetical order. To understand all of the exclusions that apply, read "Covered Services," "Summary of Benefits" and "What Is Not Covered?" The *Plan* does not cover services, supplies, medications or charges for:

- Anything specifically listed in this benefits booklet as not covered or excluded, regardless of *medical necessity*.
- Any condition, disease, ailment, injury, or diagnostic service to the extent that benefits are provided or persons are eligible for coverage under Title XVIII of the Social Security Act of 1965, including amendments, except as otherwise required by federal law.
- Conditions that federal, state or local law requires to be treated in a public facility.
- Any condition, disease, illness, or injury that occurs in the course of employment, if the *member*, employer or carrier is liable or responsible for the specific medical charge (1) according to a final adjudication of the claim under a state's workers' compensation laws, or (2) by an order of a state Industrial Commission or other applicable regulatory agency approving a settlement agreement.
- Basic life or work-related or medical disability examinations.
- Benefits that are provided by any governmental unit except as required by law.
- Services that are ordered by a court that are otherwise excluded from benefits under this Plan.
- Any condition suffered as a result of any act of war or while on active or reserve military duty.
- Services in excess of any *benefit period maximum* or *lifetime maximum*.
- Received prior to the *member's effective date*.
- Received after the coverage termination date, regardless of when the treated condition occurred, and regardless of whether the care is a continuation of care received prior to the termination.
- Received from a dental or medical department maintained by or on behalf of an employer, a mutual benefit association, labor union, trust or similar person or group.
- Day care services, chore services, attendant care services, homemaker services, companion care services, foster care services.
- Hair analysis, excluding arsenic.
- Transportation of portable X-ray equipment and personnel to home or nursing home, transportation of portable EKG to facility or other location.
- *Emergency* response systems.
- *Alternative medicine* services, which are unproven preventive or treatment modalities, also described as alternative, integrative, or complementary medicine, whether performed by a physician or any *other provider*.

In addition, the *Plan* does not cover the following services, supplies, medications or charges:

-
- A**
- **Acupuncture** and **acupressure**.
 - **Administrative** charges billed by a *provider*, including, but not limited to charges for failure to keep a scheduled visit, completion of a claim form, obtaining medical records, late payments, shipping and handling, taxes and telephone charges.
 - Costs in excess of the **allowed amount** for services usually provided by one *doctor*, when those services are provided by multiple *doctors* or *medical care* provided by more than one *doctor* for treatment of the same condition.
 - **Ambulance services:**
 - No benefits are provided primarily for the convenience of travel or where not *medically necessary*.
 - Transportation for the purpose of receiving services that are not considered *covered services*, even if the destination is an appropriate facility.
-

-
- Over-the-counter compression or elastic knee-high or other stocking products for **Lymphedema**.
-

M

- Certain **Medical Supplies**
 - *Medical supplies* not ordered by a *doctor* for treatment of a specific diagnosis or procedure.
 - Thermometers.
 - Over-the-counter gauze, tape, adhesive first-aid bandages.
 - Spirometers and all related accessories.
 - Lubricants except when used in conjunction with specialized self-care procedures such as intermittent catheterization and insulin pumps .
 - Chemical or antiseptic solutions except when used in conjunction with specialized self-care procedures such as intermittent catheterization and insulin pumps. .
 - Mucus traps.
 - Pocket nebulizers.
 - Replacement bulbs or lamps for therapeutic light
 - **Medical testimony**.
 - Services or supplies deemed not **medically necessary** or ordered by a provider.
 - **Mental Nervous and Substance Abuse** exclusions and limitations:
 - Care for conditions not classified as psychiatric, emotional, or *substance abuse* illnesses.
 - Psychoanalysis.
 - Counseling with relatives about a patient with *mental illness*, alcoholism, drug addiction or *substance abuse*.
 - *Inpatient* confinements that are primarily intended as a change of environment.
 - Mental health services received in psychiatric residential treatment facilities when age 18 or older.
 - *Substance Abuse* residential treatment facilities are covered for all ages.
 - Marriage counseling.
 - *Inpatient* psychiatric care rendered in a *hospital* not accredited by JCAHO.
 - *Inpatient Substance Abuse* care rendered in a facility which is not currently accredited by a national health care organization approved by the *Mental Health Case Manager*.
 - *Inpatient hospital* care for medical detoxification rendered in a facility which is not licensed as a *hospital* and currently accredited by a nationally recognized organization approved by the *Mental Health Case Manager*.
 - Outdoor components of a residential *substance abuse* treatment program, when such program is licensed as a *substance abuse* treatment program in the state in which services are provided, are covered only if facility-based services are available as a part of the same program.
 - Primary treatment of a psychiatric disorder in a *residential treatment center* (RTC) unless the RTC is licensed as a psychiatric RTC.
 - Primary treatment of a *substance abuse* or *substance abuse* disorder in a *residential treatment center* (RTC) unless the RTC is licensed as a *substance abuse* or substance abuse RTC.
 - Services by *providers* not currently licensed in the state in which services are provided.
 - Psychotherapy as part of artificial means of conception.
 - **Psychological assessment and psychotherapy treatment in conjunction with**
-

proposed gender transformation.

- Psychological testing for those persons with a *substance abuse* diagnosis until 30 consecutive days of abstinence are obtained.
- Therapeutic boarding schools as a psychiatric residential treatment center (RTC) unless the program is licensed for psychiatric RTC in the state in which services are provided, has *registered nurses* who are present on-site 24-hours per day, and holds current national accreditation by a national health care accrediting body approved by the *Mental Health Case Manager*.
- Therapeutic boarding schools as a *substance abuse* or *substance abuse* residential treatment center (RTC) unless the program is licensed as a *substance abuse* RTC in the state in which services are provided and has licensed supervision of all residents 24 hours per day, seven days per week.
- Wilderness camps, wilderness "step-down" components of a residential program, and stand-alone outdoor treatment programs or outdoor "step-down" components of a residential program are not covered as a psychiatric RTC unless the program is licensed for psychiatric residential treatment in the state in which services are provided, has *registered nurses* who are present on-site 24-hours per day, and holds current national accreditation by a national health care accrediting body approved by the *Mental Health Case Manager*.
- Wilderness camps and stand-alone outdoor treatment programs are not covered as *substance abuse* or *substance abuse* RTC programs.
- Academic education during *residential treatment* when charged separately.
- Administrative psychiatric services (e.g., expert testimony, report writing, medical records review and maintenance, case management or case coordination, chart review, etc.)
- Consultation with a mental health professional for adjudication of marital, child support, and custody cases.
- Evaluations, consultations, testing or therapy for educational, professional training, or for investigation purposes relating to employment, insurance, judicial or administrative proceedings.
- Training analysis.
- Treatment for personal or professional growth, development, training or professional *certification*.
- Aversive Treatment.
- Treatment programs based solely on the 12-step Model.
- Erhard Seminar Training (EST) or similar motivational services.
- Bioenergetic, carbon dioxide, confrontational, hyperbaric or normobaric oxygen, marathon, megavitamin, orthomolecular, primal, rebirthing, or sleep therapies.
- Expressive therapies (art, poetry, movement, psychodrama), guided imagery, or stress and relaxation therapy when billed separately.
- Telephonic crisis management as a separate charge.
- Sedative action, electro stimulation therapy.
- Z therapy, also known as "holding therapy."
- Narcotherapy with LSD.
- Environmental ecology treatments.
- Hemodialysis for schizophrenia.
- Rolfing.
- Sensitivity training.
- Room and Board costs for patients admitted to a partial *hospital* or intensive *outpatient* program are not covered.

-
- **Thermography** or **thermograph** examination.
 - **Transplant** exclusions include:
 - The purchase price of the organ or tissue if any organ or tissue is sold rather than donated to the recipient *member*.
 - The procurement of organs, tissue, bone marrow or peripheral blood stem cells or any other donor services if the recipient is not a *member*.
 - *Transplants*, including high dose chemotherapy, considered *experimental* or *investigational*.
 - Services for or related to the transplantation of animal or artificial organs or tissues.
 - **Travel**, whether or not recommended or prescribed by a *doctor* or other licensed health care professional, except as specifically covered by the *Plan*.
 - **Treatment** or studies leading to or in connection with sex changes or modifications and related care.
-

V

- The following **vision** services:
 - Radial keratotomy and other refractive eye *surgery*, and related services to correct vision except for surgical correction of an eye injury. Also excluded are premium intraocular lenses or the services related to the insertion of premium lenses beyond what is required for insertion of conventional intraocular lenses, which are small, lightweight, clear disks that replace the distance-focusing power of the eye's natural crystalline lens.
 - Routine eye examination services except as specifically covered by the *Plan*.
 - Eyeglasses or contact lenses, except as specifically covered in "*Prosthetic appliances*."
 - Orthoptics, vision training, and low vision aids.
 - For over-the-counter and non-federal legend **Vitamins**, food supplements or replacements, nutritional or dietary supplements, formulas, or special foods of any kind, except for *prescription* prenatal vitamins or *prescription* vitamin B-12 injections for anemias, neuropathies, or dementias secondary to a vitamin B-12 deficiency, or certain over-the-counter medications that may be available under your *preventive care* benefits for certain individuals.
-

W

- **Wigs**, hair pieces and services for hair implants and electrolysis for any reason.
-

Exhibit 10

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
Civil Action No. 1:19-cv-00272

MAXWELL KADEL; JASON FLECK;
CONNOR THONEN-FLECK; JULIA
MCKEOWN; MICHAEL D. BUNTING,
JR.; C.B., by his next friends and parents,
MICHAEL D. BUNTING, JR. and
SHELLEY K. BUNTING; SAM
SILVAINE; and DANA CARAWAY,

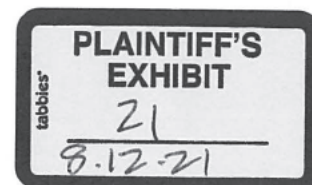
Plaintiffs,

v.

DALE FOLWELL, in his official
capacity as State Treasurer of North
Carolina; DEE JONES, in her official
capacity as Executive Administrator of
the North Carolina State Health Plan for
Teachers and State Employees;
UNIVERSITY OF NORTH CAROLINA
AT CHAPEL HILL; NORTH
CAROLINA STATE UNIVERSITY;
UNIVERSITY OF NORTH CAROLINA
AT GREENSBORO; and NORTH
CAROLINA STATE HEALTH PLAN
FOR TEACHERS AND STATE
EMPLOYEES,

Defendants.

**DISCLOSURE OF EXPERT WITNESSES WHO DO NOT PROVIDE A
WRITTEN REPORT PURSUANT TO FED. R. CIV. P. 26(A)(2) BY
DEFENDANTS DALE FOLWELL, DEE JONES, AND THE NORTH CAROLINA
STATE HEALTH PLAN FOR TREACHERS AND STATE EMPLOYEES**



The Rules of Civil Procedure require the Defendants to disclose witnesses who are qualified to provide expert testimony, and are expected to do so, but who are also not retained or specially employed to do so. Fed. R. Civ. P. 26(a)(2). Pursuant to the rule, the Plan Defendants disclose that the following three individuals will present testimony within their areas of learning and expertise:

(1) Treasurer Dale R. Folwell, CPA:

Treasurer Folwell is the State Treasurer of North Carolina. Prior to his election to this office in 2016, he served as the Assistant Secretary for Employment Security of the North Carolina Department of Commerce from 2013 through 2015. From 2004 through 2011, Treasurer Folwell served in the North Carolina General Assembly. Treasurer Folwell has also earned a Bachelor's degree and a Master's degree in Accounting, and he is a Certified Public Accountant.

In his current role, Treasurer Folwell serves as Chair of the Board of Trustees for the State Health Plan. He has overall supervision of the employees who work for the Plan. In addition to testimony about his actions as Treasurer and his decisions involving the State Health Plan, Treasurer Folwell will present expert opinion testimony about the fiscal issues facing the State Health Plan.

Treasurer Folwell will testify about the role of the State Health Plan in North Carolina. The Plan provides health benefit coverage to more than 740,000 individuals and is one of the largest purchasers of health care in the State. Treasurer Folwell will testify that concerns about the fiscal sustainability of the State Health Plan have existed for

decades. Currently, Treasurer Folwell estimates that the Plan has a \$28 billion unfunded liability.

Treasurer Folwell will testify about policies (both those adopted and those not yet adopted) to address this unfunded liability. These measures include premium adjustments, changes in eligibility for future retirees, and ongoing efforts to increase the transparency of health care costs. The Treasurer will contrast the lack of transparency and benchmarks for the State Health Plan with the structure of North Carolina's unemployment insurance program, which he supervised when he was an Assistant Secretary for the North Carolina Department of Commerce. The Treasurer will also testify to the inflation in health care costs resulting from the consolidation of hospital systems in North Carolina.

Finally, the Treasurer will testify to the adverse effect of the current premium structure for the Plan, which imposes significant unsubsidized costs for coverage of dependents. These costs have, for some time, discouraged younger, healthier employees from enrolling their families in the State Health Plan. Further, these costs – when combined with the rising healthcare costs experienced by North Carolina residents – have increased the economic uncertainty for all residents of North Carolina.

(2) Dee Jones, Executive Director of the State Health Plan

Dee Jones is the Executive Administrator of the State Health Plan, a position in which she has served for four years. Ms. Jones previously served as the Chief Operating Officer for North Carolina's Medicaid program. She has expertise in the administration of health benefits programs as well as operational and financial strategy and customer service within other industries. Ms. Jones has earned a Bachelor's degree in accounting and

business management from North Carolina State University and a Master's degree in Accounting and Business Management from the University of Phoenix.

Ms. Jones will testify about the operation of the State Health Plan. She is the Administrator of the Plan, responsible for implementation of policy and management of the State Health Plan, its employees, its contractors, and its vendors. She is also the individual designated by the Plan to testify on its behalf. Fed. R. Civ. P. 30(b)(6). Her testimony will include factual detail about Plan design and operation, including the coverage Exclusion challenged by the Plaintiffs.

The Defendants have also designated Ms. Jones as an expert witness to ensure that her knowledge and experience about how to operate an actuarially sound health plan are within the scope of her allowed testimony.

A portion of Ms. Jones's testimony will include opinion testimony related to the operation of the Plan. Ms. Jones will testify to the rate of increase for appropriations from the North Carolina General Assembly, the Plan's medical costs, and the Plan's pharmaceutical costs.

Ms. Jones will also testify about the cash reserves of the Plan, both the statutorily required reserves as well as the reserves necessary to ensure that the Plan can make timely payment for healthcare. She will testify as to the Plan's tracking of utilization by beneficiaries, and the analysis underlying the Plan's conclusion that a \$1 billion reserve is necessary to ensure the Plan's financial soundness.

Ms. Jones will testify about the loss ratio for different age cohorts of Plan beneficiaries. She will also testify that a small portion (approximately 15% of the Plan

participants) incur 85% of the costs of medical treatment. She will testify that the maximum premium for the Plan is set by state law on a two-year cycle, limiting the ability of the Plan to adjust to changing health care costs. Further, Ms. Jones will testify that the statutory structure of the Plan – with caps on premiums for state employees and state employers and unsubsidized premiums for dependents – has skewed the Plan’s population to become more elderly and more costly. This heightened cost has led to further diminution of younger participants, which negatively affects the Plan’s overall loss ratio.

To ensure long-term sustainability, the State Health Plan’s primary goal under her management has been to reduce the individual unit cost of healthcare. For example, the Plan has held family premiums constant even as medical costs have risen. Ms. Jones will testify to the actuarial analysis supporting the need for this policy as well as the feasibility of rejected alternatives, such as reliance on increased appropriations.

Ms. Jones will testify about the analysis performed when beneficiaries request new or augmented benefits from the Plan. Ms. Jones will testify that the Board’s fiduciary obligation to the Plan beneficiaries, and concerns about overall Plan soundness, require the Board to review additional coverage benefits within the context of the effect of this additional benefit on the overall health of the Plan population. She will testify that overall cost of the new benefit is considered but that the cost of a new benefit cannot, consistent with prudential financial management, be considered in isolation. Ms. Jones will also testify about the analyses performed over the past five years, including requests that the Plan provide new or increased benefits, including coverage of gender transition costs, acupuncture, hearing aids, Colo-guard, and special dietary supplements.

(3) Peter W. Robie, M.D., FACP

Dr. Robie has served on the Board of Trustees for the State Health Plan since 2017. He also serves on the Pharmacy and Therapeutics Committee for the Plan. Dr. Robie will testify about the Board's consideration of requests that the Plan eliminate the current coverage exclusion for gender transition surgery and related hormone treatment.

Dr. Robie is not a specialist in the treatment of gender dysphoria, and the Defendants do not seek to qualify him as such. Dr. Robie is, however, a primary care physician with more than forty-seven years of experience. As a member of the Board of Trustees, and a physician, Dr. Robie has contributed his medical knowledge to Board deliberations. Dr. Robie will testify to the medical knowledge he has shared with other Board members. He will also testify that, in order to provide diagnostic and medical treatment that meets a professional standard of care, primary care physicians must know the chromosomal sex of patients.

Dr. Robie has served as a primary care physician for more than forty-seven years. He has treated patients as a physician in a small group/solo practice and as a member of a large primary care practice group affiliated with Wake Forest Medical Center. Dr. Robie earned his M.D. with honors from the Baylor College of Medicine in 1976. He has served as an Assistant Professor and Clinical Associate Professor at the Department of Internal Medicine for the Wake Forest School of Medicine since 1981.

Dated this 1st day of May, 2021.

James Benjamin Garner
N.C. Bar. No. 41257
General Counsel
North Carolina Department of
the State Treasurer
3200 Atlantic Avenue
Raleigh, North Carolina 27604
Telephone: (919) 814-4000
Ben.Garner@nctreasurer.com

Respectfully submitted by,

/s/ John G. Knepper

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mjones@belldavispitt.com

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document was served upon the following individuals through electronic mail on the 1st day of May, 2021.

NAME	METHOD
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David Brown Alejandra Caraballo TRANSGENDER LEGAL DEFENSE AND EDUCATION FUND, INC. 520 8th Ave, Ste. 2204 New York, NY 10018 Telephone: 646-993-1680 dbrown@transgenderlegal.org acaraballo@transgenderlegal.org	Hand Delivery <input type="checkbox"/> Facsimile <input type="checkbox"/> U.S. Mail <input type="checkbox"/> Email <input checked="" type="checkbox"/>
Carl S. Charles Omar Gonzalez-Pagan LAMBDA LEGAL DEFENSE AND EDUCATION FUND, INC. 120 Wall Street, 19th Floor New York, NY 10005	Hand Delivery <input type="checkbox"/> Facsimile <input type="checkbox"/> U.S. Mail <input type="checkbox"/> Email <input checked="" type="checkbox"/>

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Zach Padget NC State Bar No. 46610 Alan McInnes NC State Bar No. 20938 Assistant Attorneys General NC Department of Justice PO Box 629 Raleigh, NC 27602 Tel: 919-716-6920 zpadget@ncdoj.gov amcinnes@ncdoj.gov	Hand Delivery <input type="checkbox"/> Facsimile <input type="checkbox"/> U.S. Mail <input type="checkbox"/> Email <input checked="" type="checkbox"/>

/s/ John G. Knepper

Exhibit 11



Deposition of:
Dale Folwell

August 12, 2021

In the Matter of:
Kadel, et al vs. Folwell

Veritext Legal Solutions
800-734-5292 | calendar-dmv@veritext.com |

MAXWELL KADEL, et al.,)
)
)
 Plaintiffs,)
) No. 1:19-cv-272-LCB-LPA
)
 V.)
)
)
 DALE FOLWELL, et al.,)
)
)
 Defendants.)
)

AUGUST 12, 2021

NORTH CAROLINA STATE HEALTH PLAN
3200 Atlantic Avenue, First Floor
Raleigh, North Carolina

Reported by: Michelle Maar, RDR, RMR, FCRR

1 APPEARANCES:

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13 On behalf of Defendants Dale Folwell, Dee Jones, and the NC
14 State Health Plan for Teachers and State Employees:

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On behalf of Defendant State of North Carolina
Department of Public Safety:

NORTH CAROLINA DEPARTMENT OF JUSTICE
By: Alan McInnes (via teleconference)
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1 And so according to the United States Department
2 of Labor, not only were we broke and those, the brokenness
3 resulted in every employer in this state having to pay FUTA,
4 federal and state unemployment surcharges for the entire
5 century -- because the plan had gone into deficit after 911.

6 As it was crawling its way back, it hit the Great
7 Financial Crisis.

8 So the two major responsibilities were to fix the
9 broke and the brokenness.

10 Q. Okay. How long did you serve as Assistant
11 Secretary?

12 A. Until December 1, 2015.

13 Q. And did you resign from that role?

14 A. I did.

15 Q. Okay. Why?

16 A. Because I don't think that I should be the
17 Assistant Secretary of Commerce and applying for the job to
18 be the keeper of the public purse. So I resigned that
19 morning, and I filed that afternoon.

20 Q. And when you say filed, filed for the job as
21 State Treasurer of North Carolina?

22 A. Correct.

23 Q. My understanding is you were elected on November
24 8, 2016 for State Treasurer of North Carolina?

25 A. Yes.

1 Q. And sworn in January 1, 2017?

2 A. Correct.

3 Q. And then you were recently reelected on November
4 3, 2020?

5 A. Yes.

6 Q. Do you still believe that the North Carolina
7 State Treasurer has more constitutional and statutory
8 responsibilities and duties than any other elected official
9 in the state except for the governor?

10 A. That is a quote from Page 143 of Harlan Boyles'
11 book Keeper of the Public Purse, who is by many people
12 considered to be the best state treasurer of the 20th
13 Century, not just in North Carolina but the entire United
14 States.

15 Q. Do you still believe that, what I just read to
16 you?

17 A. Yes.

18 Q. How long did he serve as North Carolina
19 treasurer, do you know?

20 A. You can look at the name plates outside. But he
21 was Assistant Treasurer under Edwin Gill and then became
22 the Treasurer of North Carolina. And then he did not seek
23 reelection.

24 So in January of 2001, Treasurer Moore took over
25 from Treasurer Boyles.

1 And so that is what my definition of unfunded
2 liabilities are.

3 I will say to you that the people of this state
4 probably really don't know who the treasurer is or a lot of
5 other elected officials, but I know who they are. They
6 don't have to know who I am, I know who they are.

7 And the fact is when you earn a benefit from the
8 State of North Carolina, either on the pension or healthcare
9 side -- that you may not understand OPEB, GasB, life
10 expectancies, you may not understand any of that stuff --
11 what you do understand is that you want the ability to
12 ensure your family, both as an active employee and a retired
13 employee, you want the ability to take that insurance card
14 and you want the ability to access healthcare.

15 And the fact is when these liabilities are ramping
16 up like this, as they get steeper and steeper and steeper,
17 the ability for that not to happen is a real threat.

18 Q. I think you mentioned that you serve as the Chair
19 of the Board of Trustees for the State Health Plan?

20 A. Correct.

21 Q. And is part of your role that you approve the
22 final agenda for each meeting of the Board of Trustees?

23 A. Yes.

24 Q. Okay. As State Treasurer, what is your role in
25 the process by which the Plan determines each year what

1 benefits the plan will cover?

2 A. My role is that, is that I approve the agenda.

3 The process for benefits that are covered and not
4 covered has been sort of a work in progress.

5 I can't tell you what the, what went on before I
6 was here in any way, shape, or form.

7 But at the end of the day, the, the benefit
8 structure is determined which, somewhat in terms of Plan
9 design.

10 And we were on a course for the State Health Plan
11 to run out of money when I became the State Treasurer in
12 North Carolina.

13 And when our healthcare costs are going up at
14 double digits, our pharmaceutical costs are going up at
15 double digits, and then the General Assembly has decided
16 that they're only going to fund us at a 4 percent increase,
17 you don't have to be a CPA to understand that if your costs
18 are going up double digits and your funding is only coming
19 in at 4 percent, eventually you're going to run out of
20 reserves.

21 And that's why the need to really change the
22 culture and the mindset of where we need to focus as a State
23 Health Plan in order to ensure the solvency on behalf of
24 those who teach, protect, and serve. That has always really
25 been my number one focus.

1 Q. Okay. So what is your role in that process?

2 A. The role in the process is that an agenda -- like
3 in many other parts of my duties and responsibilities that
4 I mentioned to you -- an agenda is presented to me.

5 And then in the process of that, you have the
6 agendas, it's presented to me by the executive director of
7 the Plan, and I ultimately approve it.

8 Q. Do you have input on what goes on the final
9 agenda?

10 A. I think the, that the chair of most boards has
11 input on what goes on the final agenda.

12 Especially in a COVID world, I've tried to be as
13 sensitive to what is discussed in closed session and what
14 isn't.

15 It's not a concern of yours, but going in and out
16 of open meetings into closed meetings with the technology
17 challenges that we're facing, and some of the technology
18 challenges that some of our board members face when they try
19 to dial in, I try to keep that as less fussy as possible.

20 And then I try to make announcements, when that
21 occurs, that when we come back into open session, all we're
22 going to do is gavel out -- just to be courteous of other
23 people's times.

24 Q. So was that a yes, that you do have input into
25 the agenda for the State Health Plan board meetings?

1 A. Yes.

2 MR. WEAVER: Okay. We've been going probably a
3 little over an hour, would now be a good time for a break?

4 (Off the record)

5 BY MR. WEAVER:

6 Q. Treasurer Folwell, I want to talk a little bit
7 about the State Health Plan and sort of get into what
8 brings us here today.

9 So can you, in your words, define for me your
10 understanding of what gender dysphoria is?

11 A. Gender dysphoria is a term that's used to
12 describe individuals who want to change their sexual
13 orientation.

14 Q. Okay. What do you mean by sexual orientation?

15 A. I'm not a medical doctor.

16 Q. Understood. I'm just asking your thoughts and
17 your view based on --

18 A. People who, who, individuals who want to go from
19 being identified as one sex to another.

20 Q. Okay. And I know you weren't treasurer at the
21 time, but in, at least in 2016, was it your understanding
22 that the Plan had a blanket exclusion for the treatment of
23 gender dysphoria?

24 A. It's my understanding that for not, that for
25 possibly years and decades, that there had been several

1 A. I'm not a medical doctor, so I don't know.

2 Q. I'm not asking a medical opinion. I'm trying to
3 figure out -- you mentioned those three exclusions.

4 And I'm trying to figure out in your mind do
5 those three exclusions match either of the two exclusions
6 that I just read to you on Exhibit 2?

7 A. I cannot foresee how the second exclusion
8 regarding experimental drugs would be completely connected
9 to the topic that you asked me about.

10 Q. Okay.

11 A. And I would say that I would need more
12 information to say that the first one was completely
13 connected, but I can't say that it wasn't.

14 And I would say that if any one of those three
15 exclusions more closely matched what you're asking me
16 about, it would be the third one.

17 Q. Okay. If you could look back at Exhibit 2, at
18 the second to the last bullet point, under Implications for
19 the State Health Plan, where that reads cannot deny or
20 limit coverage based solely on the fact that the person
21 identifies as belonging to a gender different from the sex
22 assigned at birth.

23 Do you see that, sir?

24 A. I do.

25 Q. Was it your understanding in November of 2016

1 whether the Health Plan was denying or limiting coverage
2 based solely on the fact that the person identifies as
3 belonging to a gender different from the sex assigned at
4 birth?

5 A. I became aware of that somewhere toward the end
6 of November or on the first day of December.

7 Q. And we'll get to it in a moment -- my
8 understanding for the 2017 Health Plan is that the, what I
9 refer to as the exclusions were lifted for that Health
10 Plan, but then they came back into force starting with the
11 2018 State Health Plan.

12 Is that your understanding?

13 A. My understanding is that the previous treasurer
14 and the previous board on a tie vote broken by the
15 treasurer elected to remove the exclusion for just one
16 calendar year.

17 Q. Okay. Is it your understanding today, in 2021,
18 whether the Health Plan is denying or limiting coverage
19 based solely on the fact that the person identifies as
20 belonging to a gender different from the sex assigned at
21 birth?

22 MR. WILLIAMS: Objection to the form of the
23 question.

24 THE WITNESS: Could you restate the question?

25 MR. WEAVER: Of course.

1 BY MR. WEAVER:

2 Q. In, in 2021, the Health Plan that's in effect for
3 the 2021 year, is it your understanding that the Plan is
4 denying or limiting coverage based solely on the fact that
5 the person identifies as belonging to a gender different
6 from the sex assigned at birth?

7 MR. WILLIAMS: Same objection.

8 THE WITNESS: What you asked me is if I'm aware
9 in 2021, if the State Health Plan is denying medical
10 coverage or treatment based on a gender identity different
11 than what they were born with?

12 MR. WEAVER: Correct.

13 THE WITNESS: I would say that I'm not a medical
14 doctor. But I'm not sure that for some types of treatments
15 that people of both genders are afflicted with, that we're
16 denying any coverage for, based on the fact that somebody
17 wants to identify as a sex other than what they were born
18 with.

19 So an example of that would be if a person needs
20 their gallbladder removed, and just because they want to be
21 chosen or identified as a person of a different sex than
22 what they were born with, we do not deny that coverage.

23 If a person needed a hysterectomy and that need is
24 necessary, we do not deny the medical treatment -- period --
25 based on the fact that somebody just wants to identify as a

1 BY MR. WEAVER:

2 Q. I'm going to show you Exhibit 14.

3 (Exhibit 14 is marked for identification.)

4 BY MR. WEAVER:

5 Q. And these are -- this is PLAN DEF0154431.

6 It's titled Board of Trustees Meeting, Monday,
7 October 22, 2018.

8 Do you see that, sir?

9 A. I do.

10 Q. Okay. And feel free to look through this and --

11 A. Okay.

12 Q. And just to, go to the back, I think it's --

13 (Brief pause in the proceeding)

14 BY MR. WEAVER:

15 Q. So if we can turn to, I think it's the third to
16 last page in this packet, and it starts with the bates
17 154491, and it's Board of Trustees Meeting, October 22,
18 2018 Minutes.

19 A. Okay. I see that.

20 Q. And if we go to the last page, Page 5 of this
21 document, of the Minutes, that's your signature, right,
22 sir?

23 A. It is.

24 Q. Okay. So these are the official minutes from the
25 October 22, 2018 Board Meeting, right?

1 A. To the best of our minute-taking ability.

2 Q. Okay. Do you remember this board meeting?

3 A. Not specifically.

4 Q. Okay. Is it still the case that the Board of
5 Trustees meets approximately four times a year?

6 A. Except when we need to go into closed session to
7 discuss contract negotiations or other issues.

8 Q. Now, if we look at the first page here, the Board
9 of Trustees Meeting, and the second bolded I'll say agenda
10 item, first one is Board Approval and the second one is
11 Public Comments.

12 A. I see that.

13 Q. Do you see that?

14 And then do you recall a number of Plan members
15 or their dependents talking at this board meeting about the
16 request to lift the exclusion for the 2019 Plan Year?

17 A. I recall in the latter half of 2018 having folks
18 come in asking for the lifting of the exclusion, and
19 remember hearing those comments at the public hearing, and
20 then walking out with those individuals and personally
21 greeting each one of them, thanking them for coming.

22 Q. Okay. And if we turn the page -- and it's
23 double-sided -- so if we just turn to 154433, and the top
24 is Testimony of Max Kadel.

25 A. Yes.

1 letters, did you have an opportunity to read those?

2 A. Generally.

3 Q. Do you remember anything from, from those written
4 comments or letters?

5 A. I don't.

6 Q. At the Public Comment section, session, do you
7 remember anyone speaking against lifting the exclusion?

8 A. Against lifting the exclusion? I do not. But
9 that doesn't mean it didn't happen.

10 Q. Okay. You just don't have a memory right now?

11 A. Of somebody opposing reinstating the exclusion?
12 Would that be a -- excuse me, I'm sorry.

13 Q. No, no, you're right. You're right. You're
14 good.

15 If you're not understanding what I'm saying and
16 if you need to clarify it in your words, please do so, sir.

17 A. At some point in this process, I have a vague
18 recollection of somebody speaking against lifting the
19 exclusion, but I can't tell you when or where that
20 happened.

21 Q. Okay. If we can stick with Exhibit 14, and if we
22 go to, it looks like a PowerPoint presentation, Financials
23 Update, Board of Trustees Meeting, October 22, 2018. The
24 bates is 154481.

25 A. Got it.

1 Q. So you have this front page?

2 A. I do.

3 Q. If we could turn over to where it says Financial
4 Results: Actual vs. Budgeted, Calendar Year to Date August
5 2018.

6 A. Correct.

7 Q. Can you explain to me what this chart shows?

8 A. This chart represents what people my age would
9 refer to as a Polaroid. It's a shot in time of the
10 financial condition of the State Health Plan versus what
11 our forecast of what our budgets were.

12 Q. And what does this Polaroid shot show in terms of
13 how the Plan was performing against its expected budget?

14 A. Document ending in 83 or 81?

15 Q. 82.

16 A. 82, okay. What this shows is that the Plan
17 variance was .79 million dollars to the good versus budget.

18 Q. And so the, as of through August 2018, the ending
19 cash balance was what for the plan?

20 A. 1 billion.

21 Q. Do you know at the end of December 2018, you
22 probably wouldn't have gotten the numbers until January
23 2019, what the, was the ending cash balance around 1
24 billion?

25 A. I can't recall that. What I would add is that

1 exclusions. But I would say that they more mirror this
2 language than they do gender transition or gender
3 dysphoria.

4 Q. Okay. And when you say sex change operations,
5 are you only talking about physical surgery? Or are you
6 talking about other medical practices such as hormone
7 therapy?

8 A. I'm not a doctor.

9 Q. Uh-huh.

10 A. I'm not a subject matter expert in what all these
11 terms mean. I don't have a deep understanding of those
12 therapies in relation to these other surgeries and what the
13 timelines of those are. So --

14 Q. The second paragraph says the legal and medical
15 uncertainty of this elective procedure has never been
16 greater.

17 What did you mean by medical uncertainty?

18 A. I think just the word uncertainty is what I'm
19 keying in on.

20 The person that I've most relied on for decades
21 on issues related to medicine is Dr. Peter Robie, who is
22 also a member of this board.

23 And I think that is his relaying to me his
24 concerns about the uncertainty about the permanency of these
25 operations and the ultimate impact that it could or would

1 have on the health and well-being of these members or their
2 dependents is what I meant by that.

3 Q. You mentioned Dr. Robie, right?

4 A. Correct.

5 Q. Dr. Robie, you've known him for decades?

6 A. Correct.

7 Q. How did you first meet Dr. Robie?

8 A. As a primary care physician.

9 Q. Was he your primary care physician?

10 A. He was.

11 Q. Okay. When did you first start seeing Dr. Robie?

12 A. When the other guy retired. I'm sorry, it's just
13 the answer.

14 Q. Let me ask you this way to try to --

15 A. 1988, '90.

16 Q. Okay. So you were at --

17 A. I was at Alex. Brown.

18 Q. Okay. And Dr. Robie is in the Winston-Salem
19 area?

20 A. Correct.

21 Q. Okay. Is Dr. Robie's primary practice as a
22 primary care physician?

23 A. That is his official title. But it does not
24 begin to describe his medical common sense.

25 Q. Okay. Tell me about his medical common sense.

1 A. Without notes or without charts, when you go in
2 and you're getting a physical, he says do you still have
3 that dog? And are you changing the filters on your
4 furnace?

5 This is all [fingers snap snap snap].

6 You know, I saw you going down Robin Hood Road
7 the other day and you didn't have the helmet strapped on
8 your motorcycle, what's that all about?

9 Just -- have there been any additional medical
10 conditions that you have become aware of with any of your
11 parents -- just that intuition that we would hope that every
12 primary care physician would have as we focus, as they try
13 to focus on the health of their patient.

14 Q. Is Dr. Robie still your primary care physician?

15 A. No.

16 Q. Has he retired from the practice?

17 A. Yes.

18 Q. How long ago did he stop being your primary care
19 physician?

20 A. I would say five to seven years ago.

21 He is still very much involved in the, in our
22 Winston-Salem Physicians, which provides healthcare to needy
23 folks in parts of our community. I think he still does some
24 part-time work for the VA Hospital in Salisbury.

25 Q. Has he ever treated a transgender individual?

1 A. I don't have specific knowledge of that.

2 Q. Okay. Have you and Dr. Robie ever talked about
3 him treating a transgender individual?

4 A. I don't have any specific knowledge of that.

5 Q. Do you know if Dr. Robie has any specialized
6 training in treating transgender individuals?

7 A. I do not have any knowledge of that.

8 Q. So getting back to the medical uncertainty in the
9 statement --

10 A. Sure.

11 Q. -- my understanding, and correct me if I'm wrong,
12 that your belief that there was medical uncertainty of this
13 elective procedure was based on conversation you had with
14 Dr. Robie?

15 A. Generally speaking. And obviously other types
16 of, not, you know, specific conversations, but just trying
17 to be generally aware of the topic.

18 And the, as I said in the earlier remarks, the
19 people who desire these type of procedures, this is very
20 important to them.

21 And I am constantly trying to pick up new
22 information and a better way of looking at information
23 regarding any of these topics.

24 Q. Do you recall what Dr. Robie specifically told
25 you about the medical uncertainty of this elective

1 procedure?

2 A. I don't specifically, no.

3 Q. And you mentioned other folks. And were those
4 other medical professionals?

5 A. Not folks, just, you know, reading magazines and
6 listening to the news and watching, you know, shows on PBS
7 about all kinds of subjects, that type of, what I refer to
8 as mental stimulation on this topic.

9 Q. Okay. And it says, in the second paragraph, it
10 says medical uncertainty of this elective procedure.

11 Do you know why -- why did you use this elective
12 procedure as opposed to another terminology?

13 Because it seems like you're narrowing it to a
14 procedure which implies a surgery.

15 Again, I know you're not a medical doctor. So
16 I'm just trying to understand the phraseology that you used
17 in that sentence.

18 A. Versus what happened a few hours ago, this is a
19 distinction without a difference. I didn't mean anything
20 by that.

21 I think that actually when it says the word
22 elective, I think that I, that the word uncovered could have
23 been a better choice of words.

24 We have lots of uncovered procedures, some of
25 which happen to be elective, in the State Health Plan.

1 the future and trying to estimate an inflation rate, part of
2 that is based on the risk-free rate that is quoted in the
3 Wall Street Journal on June 30th of every year.

4 And the other aspect of that is that the -- that's
5 it.

6 Q. How does the unfunded liability impact, if it
7 does, the Board of Trustees' decision to maintain the
8 exclusion?

9 A. I'm not sure there's a direct correlation between
10 the unfunded liability and the exclusion.

11 There's a direct correlation between the unfunded
12 liability and the overall solvency of the plan for all
13 members.

14 Q. The next topic -- I'm basically going sentence by
15 sentence is sort of how I visualize your disclosure -- it
16 says that you will testify about policies, both those
17 adopted and those not yet adopted, to address this unfunded
18 liability.

19 Anything else you want to add as an expert on this
20 area?

21 A. Just to recap -- started years ago with the
22 change in the vesting period, so that people had to work
23 longer than five years and one day to get lifetime
24 benefits. And I was responsible for that in the General
25 Assembly, and carry forward to getting the plan on the

Exhibit 11(a)



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**Board of Trustees Meeting
Monday, October 22, 2018
10:00 a.m. – 1:00 p.m.**

1. Welcome

Dale R. Folwell, Chair

2. Conflict of Interest Statement

Dale R. Folwell, Chair

Board Approval

1. Minutes August 30, 2018 Meeting *(Requires Vote)*

Dale R. Folwell, Chair

Public Comment

Dale R. Folwell, Chair

Recognition of Departing Board Member

Dale R. Folwell, Chair

Operations Updates

1. Health Information Exchange

Dee Jones
Executive Director

2. Provider Reimbursement Strategy Resolution

Dee Jones

3. Financial Update - CYTD 1/1/2018 – 8/31/2018

Matthew Rish
Sr. Dir., Finance, Planning & Analytics

4. Open Enrollment Update

Beth Horner
Dir., Customer Experience/ Communications

Executive Session (Board members and required staff only)

Pursuant to: G.S. 143-318.11 and Chapter 132

Dale R. Folwell, Chair

1. RFP Recommendation – Pharmacy Benefit Manager Auditing Services
(Requires Vote) G.S. 143-318.11(a)(1), G.S. 132-1.2

Sharon Smith
Manager, Contracts

2. Consultation with Legal Counsel
G.S. 143-318.11(a)(1), (3), G.S. 132-1.1, G.S. 132-1.9, G.S. 135-48.10
G.S. 132-1.9

Andrew Norton
Deputy General Counsel

Return to Open Session

1. Next Board Meeting

Dee Jones

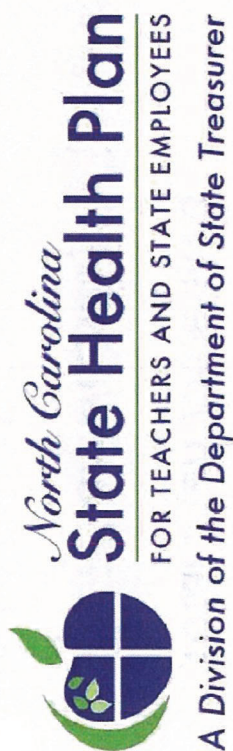
2. Adjournment

Dale R. Folwell, Chair



Our mission is to improve the health and health care of North Carolina teachers, state employees, retirees, and their dependents, in a financially sustainable manner, thereby serving as a model to the people of North Carolina for improving their health and well-being.

PLAN DEF0154431



Dale R. Folwell, CPA
 STATE TREASURER OF NORTH CAROLINA
 DALE R. FOLWELL, CPA



Financials Update

Board of Trustees Meeting

October 22, 2018

A Division of the Department of State Treasurer

PLAN DEF0154481

Financial Results: Actual vs. Budgeted Calendar Year to Date August 2018

Calendar Year 2018	Actual thru AUG 2018	Authorized Budget (per Segal 5-30-18)	Variance Fav/(Unfav) Budget
Beginning Cash Balance	\$1.010 b	\$1.010 b	-
Plan Revenue			
Net Claims Payments	\$2.382 b	\$2.361 b	\$0.021 b
Medicare Advantage Premiums	\$2.034 b	\$2.039 b	\$0.005 b
	\$0.151 b	\$0.151 b	\$0.000 b
Net Administrative Expenses	\$0.089 b	\$0.142 b	\$0.053 b
Total Plan Expenses	\$2.274 b	\$2.332 b	\$0.058 b
Net Income/(Loss)	\$108.4 m	\$29.2m	\$0.79 m
Ending Cash Balance	\$1.118 b	\$1.039 b	\$0.79 m

Exhibit 12



Deposition of:

Dee Jones

August 3, 2021

In the Matter of:

Kadel, et al vs. Folwell

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IN THE UNITED STATES DISTRICT COURT FOR
THE MIDDLE DISTRICT OF NORTH CAROLINA

MAXWELL KADEL, et al.,)
)
 Plaintiffs,)
) No. 1:19-cv-272-LCB-LPA
 V.)
)
 DALE FOLWELL, et al.,)
)
 Defendants.)
 _____)

DEPOSITION
OF
DEE JONES

IN HER INDIVIDUAL CAPACITY
and
30(b)(6) DESIGNEE FOR NC STATE HEALTH PLAN

AUGUST 3, 2021

THIS TRANSCRIPT IS NOT COMPLETE
PORTIONS OF THIS TRANSCRIPT AND/OR EXHIBITS
MAY BE DESIGNATED CONFIDENTIAL/ATTORNEYS EYES ONLY
AFTER REVIEW OF TRANSCRIPT BY ATTORNEYS WITHIN 30
DAYS OF DATE OF DEPOSITION PER PROTECTIVE ORDER

PNC PLAZA DOWNTOWN
301 Fayetteville Street, Suite 1700
Raleigh, North Carolina

Reported by: Michelle Maar, RDR, RMR, FCRR

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12
13 On behalf of Defendants Dale Folwell, Dee Jones, and the NC
14 State Health Plan for Teachers and State Employees:

BELL, DAVIS & PITT

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21 NORTH CAROLINA STATE HEALTH PLAN/NORTH CAROLINA

DEPARTMENT OF THE STATE TREASURER

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1 APPEARANCES CONTINUED:

2 On behalf of Defendant State of North Carolina Department
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4 NORTH CAROLINA DEPARTMENT OF JUSTICE

By: Alan McInnes (via teleconference)

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6
7 On behalf of Defendants UNC at Chapel Hill, NC State
University, and UNC at Greensboro:

8 NORTH CAROLINA DEPARTMENT OF JUSTICE

By: Zachary A. Padget (via teleconference)

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P R O C E E D I N G S

DEE JONES,

called as a witness and having been first duly sworn,
was examined and testified as follows:

* * *

MS. RAVI: All right. Before we begin, will
counsel for the State Health Plan Defendants stipulate that
Ms. Jones' answers during today's deposition will be
binding on the State Health Plan?

MR. JONES: So stipulated.

MS. RAVI: And will counsel for the State Health
Plan Defendants stipulate to the authenticity of all
documents produced by Ms. Jones, the State Health Plan, and
Mr. Folwell?

MR. JONES: So stipulated as to authenticity.

MS. RAVI: Thank you.

EXAMINATION

BY MS. RAVI:

Q. Good morning, Ms. Jones. My name is Deepika
Ravi. I represent the plaintiffs in this matter.

Have you ever had your deposition taken before?

A. Yes.

Q. And are you able to hear me okay --

A. Yes.

1 A. Seven months.

2 Q. Where did you work after that?

3 A. Department of State Treasurer.

4 Q. Is that where you currently work?

5 A. Yes.

6 Q. What is your current title?

7 A. Executive Administrator or Executive Director,
8 used interchangeably.

9 Q. All right. If I refer to the North Carolina
10 State Health Plan for Teachers and State Employees as the
11 Plan today, will you know what I'm talking about?

12 A. Yes.

13 Q. Apart from the title of Executive Administrator,
14 used interchangeably with Executive Director, have you held
15 any other roles in this current job?

16 A. No.

17 Q. And how long have you held the role of Executive
18 Administrator?

19 A. Four years and one month.

20 Q. Okay. What are your responsibilities in that
21 role?

22 A. At a high level, it's to operationalize the
23 policies as directed by the Treasurer and the Board of
24 Directors or Board of Trustees.

25 Q. Okay. That's at a high level?

1 A. Uh-huh.

2 Q. Any other responsibilities at a high level?

3 A. No.

4 Q. Okay. What does it mean for you to
5 operationalize those policies at a more granular level?

6 A. So under my responsibility, I have the Plan
7 Integration, which is all the technology integration
8 between our vendors.

9 And then we have a Finance and Data Analytics
10 Group. We have a Contracting and Compliance Group,
11 Communications. We have Legal.

12 And let's see, who am I missing here? I think
13 that's it.

14 Q. Are you familiar with the operation of the Plan?

15 A. Yes.

16 Q. Are you familiar with the design of the Plan?

17 A. Yes.

18 Q. Are you responsible for management of the Plan?

19 A. Please define management of the Plan. It's a
20 broad term.

21 Q. Is it fair to say, would you describe yourself as
22 responsible for management of the Plan?

23 A. Yes.

24 Q. All right. Is the Plan self-funding?

25 A. Yes.

1 And then if there are requests for changes, then
2 we evaluate them in a different, in a manner that is in
3 keeping with those overarching goals.

4 Q. Where do those requests for changes come from?

5 A. Members of the public. It can come from a board
6 member. And it can come from Blue Cross, our TPA. And it
7 can come from a staffer.

8 Q. Anyone else?

9 A. That's generally where it comes from.

10 Q. How are those requests evaluated?

11 A. Again, it starts with the overarching goal of
12 providing public health for the most number, the biggest
13 number of people.

14 We serve 740,000 plus members. And we don't take
15 that responsibility lightly.

16 I'm a fiduciary. So when I walk through the
17 door, I don't get to pick and choose who I cover. I cover
18 everybody. And we evaluate those benefits in that light.

19 Q. What criteria are used to evaluate proposed
20 benefit changes?

21 A. We'll look at the cost of the benefit, what is
22 the size of the population that the benefit might cover,
23 and what is the efficacy of the benefit, how much, how much
24 success is there with the treatment or how much health does
25 it improve.

1 And, again, we don't have a big clinical staff.
2 We use a lot of research from Blue Cross or CVS or our
3 actuary or our board. And we'll get information from a
4 variety of sources. And then we'll propose a
5 recommendation.

6 Q. Okay. Any other criteria used to evaluate
7 proposed changes?

8 A. Those are the primary criteria. But if something
9 else were to come up and be relevant, then we would use
10 that criteria as well.

11 Q. Can you think of an example of a time when
12 something else has come up and been relevant?

13 A. Yes. I think probably the easiest to explain
14 would be digital mammography. That was instituted I
15 believe in early '17. And digital mammography was not
16 covered without a member having to pay out of pocket for it
17 prior to that.

18 And the efficacy with digital mammography is it
19 serves -- women make up more than 50 percent of the Plan's
20 population. So, therefore, a benefit that serves that many
21 people and has a long-term trajectory of lowering costs
22 because of catching breast cancer earlier -- which it does
23 because it's targeted at women with dense breast issue and
24 it can catch that, that millimeter size much earlier than
25 the traditional mammography -- and so that's a benefit that

1 A. They're an actuary and consulting firm.

2 Q. And was Segal retained by the Plan?

3 A. Yes.

4 Q. When was that?

5 A. Segal has worked for the Plan for quite a number
6 of years. I'm not -- certainly back in 2016 they were.
7 And prior to that, I'm not sure how many years.

8 Q. Okay. In 2016, did the Plan ask Segal for a
9 financial estimate for the annual cost to the Plan of
10 covering treatment and services for gender dysphoria
11 beginning with Plan Year 2017?

12 A. Yes.

13 Q. And to whom did the Plan make that request at
14 Segal?

15 A. It would have been to the leading, the
16 management, Segal management.

17 Q. Do you know who was in Segal management at the
18 time?

19 A. I do not. Currently, it's Stu Wall. He might
20 have been the person back then as well.

21 Q. When did the Plan make that request of Segal?

22 A. I would imagine in June or July of 2016.

23 Q. I'm handing you what has been marked as
24 Plaintiffs' Exhibit 2.

25 (Exhibit 2 is marked for identification.)

1 Horner, Lotta Crabtree. Mona Moon would have had
2 substantial influence on this. Mark Collins probably had
3 substantial influence on this document.

4 Q. Anyone else?

5 A. Beyond that, I don't know.

6 Q. And who received a copy of this presentation deck
7 at the time, around the December 2016 board meeting?

8 A. At the time, the board members would have
9 received a copy of it.

10 Q. Anyone else?

11 A. Plan staff.

12 Q. Who in Plan staff would have gotten a copy?

13 A. The leaders. Beyond that, I wouldn't know.

14 Q. And when you say the leaders, the individuals you
15 just mentioned as having influence over this document?

16 A. Yes.

17 Q. Did the Plan's Board of Trustees meet on December
18 1, 2016?

19 A. The 1st and 2nd.

20 Q. All right. And was the Plan's Executive
21 Administrator at the time present at those board meetings?

22 A. I don't know for sure. But, yes, I believe she
23 was.

24 Q. Could you flip to the end, which is PLAN DEF6988.

25 Is it correct that Plan staff recommended removing

1 the blanket exclusions for coverage of gender dysphoria
2 treatment?

3 A. Yes, for the Plan Year 2017.

4 Q. And is it correct that Plan staff stated that
5 removing those blanket exclusions would result in provision
6 of medically necessary services for treatment of gender
7 dysphoria?

8 A. That's what the document says.

9 Q. Is that what Plan staff recommended?

10 A. Yes.

11 Q. Did Plan staff ever retract that position
12 regarding medical necessity?

13 A. Not that I'm aware of.

14 Q. If you could flip back to Page PLAN DEF6968.
15 This slide sets forth the DSM-5 criteria for a
16 diagnosis of Gender Dysphoria.

17 Is that right?

18 A. Yes.

19 Q. Is the Plan familiar with the DSM-5?

20 A. Yes.

21 Q. Is it right that Plan staff relied on the DSM-5
22 in making its recommendation to the Board of Trustees?

23 A. It appears that was what was used for this
24 presentation.

25 Q. Does the Plan challenge the DSM-5 criteria for a

1 diagnosis of Gender Dysphoria?

2 A. It doesn't appear so.

3 Q. It doesn't appear so from this document?

4 A. From this document, yes.

5 Q. Today, does the Plan challenge those criteria?

6 A. No.

7 Q. Does the Plan today have a position on the
8 validity of the DSM-5?

9 A. No.

10 Q. Has the Plan ever withdrawn its reliance on the
11 DSM-5 set forth in this presentation?

12 A. No.

13 Q. If you could turn to the next page, which is PLAN
14 DEF6969.

15 This slide references the World Professional
16 Association for Transgender Health Standards of Care for
17 Medical Treatment of Gender Identification Disorder.

18 Is that right?

19 A. That is correct.

20 Q. And if I refer to this as the WPATH Standards of
21 Care, will you know what I'm talking about?

22 A. I will.

23 Q. So this slide sets forth the WPATH Standards of
24 Care criteria for gender confirmation surgery.

25 Is that right?

1 A. Yes.

2 Q. And turning to the next page, PLAN DEF6970, does
3 this set forth the WPATH Standards of Care criteria for
4 gender confirmation surgery?

5 A. Yes.

6 Q. Is the Plan familiar with the WPATH Standards of
7 Care?

8 A. Yes.

9 Q. And is it correct that the Plan staff relied on
10 the WPATH Standards of Care in making its recommendation to
11 lift the exclusion?

12 A. Yes.

13 Q. Does the Plan challenge the WPATH Standards of
14 Care?

15 A. No.

16 Q. And today does the Plan have a position on the
17 validity of the WPATH Standards of Care?

18 A. No.

19 Q. Has the Plan ever withdrawn its reliance on the
20 WPATH Standards of Care?

21 A. No.

22 Q. If you could turn to the next slide, which is
23 PLAN DEF6971. This slide describes the American Medical
24 Association Resolution 122.

25 Is that right?

1 A. Yes.

2 Q. And the slide states that the AMA Resolution was
3 issued in 2008.

4 A. Yes.

5 Q. And it states that the AMA Resolution describes
6 the WPATH Standards of Care, elements of care for
7 transgender people as a medical necessity.

8 Is that right?

9 A. Yes.

10 Q. Okay. Is the Plan familiar with AMA Resolution
11 122?

12 A. To the extent it's listed here for gender
13 dysphoria, yes.

14 Q. Is the Plan otherwise familiar with the AMA
15 Resolution 122 outside of this presentation?

16 A. Not that I'm aware of.

17 Q. And Plan staff relied on AMA Resolution 122 in
18 making its recommendation to lift the exclusion.

19 Is that right?

20 A. It's clear that it was part of a recommendation.

21 Q. Did they rely on it in making their
22 recommendation?

23 A. I can't say for sure.

24 Q. And it's cited in this presentation to the board?

25 A. Yes.

1 Q. Does the Plan challenge AMA Resolution 122?

2 A. No.

3 Q. Does the Plan have a position on its validity?

4 A. No.

5 Q. And has the Plan ever withdrawn its reliance on
6 AMA Resolution 122?

7 A. No.

8 Q. If you could turn to the page marked PLAN
9 DEF6985.

10 Does this slide accurately describe the State
11 Health Plan's blanket exclusions for coverage of gender
12 dysphoria in effect for the 2016 Plan Year?

13 A. Yes.

14 Q. And if you turn to the next slide, this slide
15 reflects the Segal company's estimate that adding coverage
16 for gender dysphoria will cost approximately 350,000 to
17 850,000 annually.

18 Is that right?

19 A. Yes.

20 MS. RAVI: Can we go off the record?

21 (Off the record)

22 MS. RAVI: Back on the record.

23 BY MS. RAVI:

24 Q. Other than your attorney, did you speak with
25 anyone during the break?

1 transgender patients?

2 A. Yes.

3 Q. And did she report to the board that the American
4 College of Physicians and American College of Obstetricians
5 and Gynecologists Committee have also endorsed coverage for
6 transgender healthcare services?

7 A. Yes.

8 Q. I'm now at the bottom of PLAN DEF12815 to 12816,
9 under Proposed Benefit Change.

10 Who is Lotta Crabtree?

11 A. She was the Plan's Deputy Executive Administrator
12 and Legal Counsel at the time.

13 Q. Did Ms. Crabtree present to the board at its
14 December 2nd meeting?

15 A. Yes.

16 Q. Did she report that the Plan's current benefit
17 provides blanket exclusions for the treatment of gender
18 dysphoria, including treatment or studies regarding sex
19 changes or modifications, psychological assessments, and
20 psychotherapy treatment?

21 A. Where are you?

22 Q. If you turn to PLAN DEF12816, at the top of the
23 page.

24 A. Can you repeat the question?

25 Q. Yes. Did Ms. Crabtree report that the Plan's

1 current benefit provides blanket exclusions for the
2 treatment of gender dysphoria, including treatment or
3 studies regarding sex changes or modifications,
4 psychological assessments, and psychotherapy treatment?

5 A. Yes.

6 Q. And did she report that the annual cost of
7 coverage provided by the Plan's actuarial consultant is
8 approximately 350,000 to 850,000?

9 A. Yes.

10 Q. And is that the Segal company's estimate?

11 A. Yes.

12 Q. Did she report that the Plan would adopt the Blue
13 Cross Blue Shield of North Carolina's medical policy, which
14 includes the requirement in support of medical necessity?

15 A. She did.

16 Q. And did Ms. Crabtree report that the Plan
17 recommend approval of coverage for the treatment of gender
18 dysphoria by removing the blanket exclusions resulting in
19 the provision of medically necessary services for the
20 treatment of gender dysphoria?

21 A. Yes.

22 Q. How did the board act on the Plan's
23 recommendation to approve coverage for treatment of gender
24 dysphoria?

25 A. The board removed the exclusion for one year, for

1 Plan Year 2017.

2 Q. Who is Dr. Paul Cunningham?

3 A. He's a former board member and physician.

4 Q. Did Dr. Cunningham move to recommend that the
5 State Health Plan remove the blanket exclusions?

6 A. Yes.

7 Q. And who is Dr. Aaron McKethan?

8 A. He is an actuary, a data-analytics person, a
9 former board member.

10 Q. Did Dr. McKethan offer a resolution to Dr.
11 Cunningham's motion?

12 A. Yes.

13 Q. I'm now on PLAN DEF12817, the second full
14 paragraph.

15 Does this paragraph accurately reflect Dr.
16 McKethan's proposed resolution, the paragraph starting Dr.
17 McKethan offered a resolution to?

18 A. Sorry, what was the question?

19 Q. Does this text here -- starting with paragraph
20 Dr. McKethan offered a resolution to -- does this
21 accurately reflect the text of that proposed resolution?

22 A. Yes.

23 Q. And does this accurately reflect the reason that
24 Dr. McKethan requested that the exclusion be suspended for
25 Plan Year 2017 only?

1 A. Yes.

2 Q. Was this resolution the reason that the exclusion
3 was suspended for the 2017 Plan Year only?

4 A. Can you repeat, rephrase your question?

5 Q. Was this resolution the reason that the exclusion
6 was lifted for only the 2017 Plan Year?

7 A. Yes. The board voted on this resolution
8 language.

9 Q. Okay. And what was the outcome of that vote?

10 A. The outcome was in favor of removing the
11 exclusion for the Plan Year 2017.

12 Q. And following this recommendation from Plan
13 staff, were Plan staff ever subsequently asked to make a
14 recommendation as to coverage for treatment of gender
15 dysphoria?

16 A. No.

17 Q. Why not?

18 A. Staff did not -- they notified me that it was
19 supposed to come up, right, per the previous document. And
20 that was their reminder that we should look at it for 2018.

21 Q. Did Plan staff ever make another recommendation
22 as to coverage for treatment of gender dysphoria?

23 A. No.

24 Q. And did Plan staff ever retract their
25 recommendation reflected in this Crabtree presentation at

1 paragraph.

2 As to payment requests from medical providers, the
3 Plan states that information provided from Blue Cross Blue
4 Shield of North Carolina for the 2017 Plan Year indicates
5 that 784,923.28 was billed to the State Health Plan for
6 medical treatment that Blue Cross Blue Shield indicated
7 would have been excluded had the coverage exclusion remained
8 in effect.

9 Is that right?

10 A. Yes.

11 Q. So is it correct that in Plan Year 2017, the Plan
12 received this amount, 784,923.28, in payment requests from
13 medical providers?

14 A. No.

15 Q. What does this statement mean?

16 A. It means the provider charges were 785,000
17 dollars.

18 Q. And how do provider charges differ from provider
19 requests?

20 A. Provider charges have no basis particularly
21 because they're always well overstated.

22 The Plan incurred 504,000 dollars, rounded, in
23 allowed expenses.

24 Q. What is the difference between allowed expenses
25 and the amount listed above, 784,000?

1 A. The discount that Blue Cross provides.

2 Q. So after discounts negotiated, the amount in
3 allowed expenses was 504,406.04?

4 A. Yes.

5 Q. And that was for treatment that would have been
6 excluded had the coverage exclusion remained in effect?

7 A. Yes.

8 Q. And after reductions, I'm sorry, after Plan
9 participants or other insureds paid their portion, the Plan
10 paid 404,609.26.

11 Is that right?

12 A. That is correct.

13 Q. All right. And other Plan participants and other
14 insurers paid the balance of that difference between
15 404,000 and 504,000?

16 A. Yes.

17 Q. To the Plan's knowledge, other than this amount
18 of 404,609.26, did it incur any other costs for coverage of
19 treatment of gender dysphoria in 2017?

20 A. I think that could be difficult to assess because
21 there were some coverages that have been covered all along,
22 like counseling, that may or may not have been incorporated
23 into these numbers, which could have been, so that would
24 inflate the cost if they were, you know, using diagnosis
25 codes, et cetera. But counseling has generally not been

1 prohibited.

2 Q. As a result of lifting the exclusion for the 2017
3 Plan Year, are there any other costs that were incurred
4 that the Plan is aware of?

5 A. No.

6 Q. Okay.

7 A. Other than what I just mentioned.

8 Q. Was counseling covered before the Plan lifted the
9 exclusion for the 2017 Plan Year?

10 A. Yes.

11 Q. So as a result of lifting the exclusion for the
12 2017 Plan Year, was approximately 404,000 dollars what the
13 Plan incurred in costs as a result of lifting that
14 exclusion?

15 A. That which was specifically designated for gender
16 dysphoria, yes. But there were counseling, probably there
17 were counseling charges that were not listed as gender
18 dysphoria. So there could have been a higher cost.

19 Q. Were those counseling charges covered prior to
20 the lifting of the exclusion?

21 A. Yes.

22 Q. Okay.

23 A. And they are still covered today.

24 Q. Was Blue Cross Blue Shield of North Carolina
25 tracking gender dysphoria claim activity in 2017?

1 A. No.

2 Q. Other than the ones we've talked about, did the
3 Plan's Board of Trustees hold any other meetings in 2017?

4 A. No.

5 Q. Did the Board of Trustees ever take up a vote in
6 2017 to continue lifting the exclusion for the 2018 Plan
7 Year?

8 A. No.

9 Q. Okay. Was there any board meeting from January
10 2018 to the present where this issue has been discussed?

11 A. It's been discussed in public comment numerous
12 times, along with people who want hearing aids and other
13 such benefits.

14 Q. Is Blue Cross Blue Shield of North Carolina the
15 Plan's third-party administrator?

16 A. Yes.

17 Q. In anticipation of the sunseting of the gender
18 dysphoria coverage at the end of 2017, did the Plan provide
19 Blue Cross Blue Shield with revisions to the 2018 Plan
20 Benefits Booklets?

21 A. The Plan updated its own benefits booklets and
22 provided Blue Cross with a decision memo on the fact that
23 they needed to put the exclusions back in play.

24 Q. What was that decision memo?

25 A. It's an called an ADM.

1 But the people we work with, and as I already
2 mentioned the journals or whatever that I have reviewed and
3 discussions we've had with current and former board
4 members, there's a lot of uncertainty on whether or not the
5 treatments are effective. And in some cases, maybe they
6 are. But there's discussion in the space of the, more the
7 psychological effects and how much it's important there
8 versus the surgery, the transition surgery.

9 Q. And what was the basis for Treasurer Folwell's
10 statement regarding the medical uncertainty?

11 MR. RULEY: Objection, form.

12 THE WITNESS: I don't know.

13 BY MS. RAVI:

14 Q. Did Treasurer Folwell discuss this statement with
15 you?

16 A. No.

17 Q. Did Treasurer Folwell discuss this statement with
18 anyone at the Plan?

19 A. I'm not aware of any conversations he had with
20 anybody at the Plan.

21 Q. And does this statement from October 25th reflect
22 the views of the State Health Plan?

23 A. Parts of it might, such as the legal and medical
24 uncertainty.

25 The Franciscan Alliance opinion came out in

1 benefits and any benefits that might apply to a broad swath
2 of the population with a not guaranteed but a strong
3 proponent of lower costs in the future.

4 And so that's where legal and medical uncertainty
5 -- I don't have to cover medically necessary treatment. We
6 cover a lot of it. But in this case, we don't.

7 Q. Prior to this statement coming out on October 25,
8 2018, did Plan staff discuss the legal uncertainty that's
9 referenced here?

10 A. Yes.

11 Q. Did Plan staff discuss the medical uncertainty
12 that's referenced here?

13 A. Yes.

14 Q. Let's turn back to Exhibit 5. And if you can
15 turn to Page 10 of this document.

16 Plaintiffs' Interrogatory Number 3 asks the Plan
17 to discuss the factual basis for each governmental interest
18 that the Plan contends supports the exclusion.

19 Is that right?

20 A. Yes.

21 Q. And is it correct, turning to the next page, the
22 Plan states that the Plan has not identified any valid,
23 reliable, peer-reviewed longitudinal studies that support
24 the efficacy of the plaintiffs' desired treatment?

25 A. I'm sorry -- where are you?

1 Q. I am at the bottom of Page 11, last paragraph.

2 A. Okay.

3 That would be true.

4 Q. Is a peer-reviewed, longitudinal study that
5 supports the efficacy of treatment a prerequisite for the
6 Plan to cover a proposed benefit?

7 A. Not necessarily. When we evaluate, as I think we
8 said earlier, it's a holistic review. There's no single
9 pathway to coverage. It has to be a broad swath of
10 membership, that there's a benefit for multiple people.

11 There's a cost component to it. There's a
12 downstream cost component to it. There's got to be some
13 common -- not experimental for sure.

14 There's got to be some common understanding in
15 the medical community that it is a treatment that will
16 produce a downstream effect that's positive.

17 So, you know, it's very difficult to come back
18 and say well, peer-reviewed, longitudinal studies -- I'm
19 not a clinician and I'm not a researcher, so it's, you
20 know -- but to the extent that we have not found any real
21 evidence that it's absolutely black and white, this
22 particular issue.

23 You know, I think it goes, well, it should go
24 without saying this is not a personal issue for me. I
25 don't get, I have no personal opinion about this.

1 of really healthy people for an app that was, I think we
2 paid 4000 dollars a person. It was the healthy people who
3 were doing it. It wasn't achieving anything for health.
4 So we canceled the benefit. It was a small, very small
5 population, health management benefit.

6 But that is what we do every day. And I have to
7 make choices that are awful sometimes. And it gives me no
8 great pleasure, but it is my responsibility.

9 Q. Turning back to the peer-reviewed studies we
10 discussed, did the Plan conduct a search for those studies?

11 A. I did not. I don't believe the Plan did.

12 Q. Okay. The Plan's response also states that
13 during the pendency of this case, the American Journal of
14 Psychiatry issued a correction to an article.

15 Do you see that here?

16 A. I do.

17 Q. What was that article?

18 A. I don't know -- not right this moment.

19 Q. To the Plan's knowledge, has Treasurer Folwell
20 reviewed that article and the correction referenced here?

21 A. I do not know.

22 Q. Has Plan staff reviewed the article?

23 A. Possibly, but I do not know.

24 Q. And has the Board of Trustees reviewed that
25 article?

1 A. Possibly, but I do not know.

2 Q. All right.

3 A. If you'll recall, though, this says the Plan has
4 not identified any valid or reliable -- so to the extent
5 that we are reviewing articles, as I mentioned earlier,
6 when I'm reviewing the journal, the New England Journal of
7 Medicine and Kaiser and Milliman, those types of reviews,
8 there's been nothing that makes this in my mind 100 percent
9 clear.

10 Q. Going back to the paragraph that starts with
11 Second on the same page, the Plan states that it remains
12 unaware of any objective test to identify individuals
13 suffering from gender dysphoria who will benefit from the
14 hormonal and surgical treatments sought here.

15 Is that right?

16 A. That is correct. The Plan remains unaware of any
17 objective test -- yes.

18 Q. Is an objective test to identify individuals who
19 will benefit from the proposed treatment a prerequisite for
20 the Plan to cover a proposed benefit?

21 A. As I've stated before, it's a holistic review.

22 And so if there are, in fact, objective tests,
23 then that might be taken into consideration.

24 Q. Has the Plan conducted a search for such
25 objective tests?

1 A. If it were to become necessary, then the Plan
2 would make a search.

3 But we do not find it necessary because of the
4 things I've already discussed -- about the small volume of
5 patients being a niche group, that we wouldn't be able to
6 afford to offer the benefit.

7 Q. So to the Plan's knowledge today, has the Plan
8 conducted a search in the past for such tests?

9 A. No.

10 Q. And the Plan states that for minors, the Plan is
11 unaware of any methodology to reliably distinguish between
12 children for whom gender dysphoria will resolve without
13 hormonal therapy or surgical intervention and those for
14 whom it will not.

15 Is that right?

16 A. Yes.

17 Q. Was the Plan's unawareness of this methodology
18 for children also its justification for excluding this care
19 for adults?

20 A. I can't say.

21 Q. Is the Plan aware?

22 A. Of?

23 Q. Of this methodology.

24 A. For minors?

25 Q. Uh-huh.

1 Q. Are there any governmental interests identified
2 in response to this interrogatory?

3 A. So other than FDA, is that what you're asking
4 for?

5 Q. Other than the statement made in response to
6 Interrogatory Number 3.

7 A. Then --

8 MR. RULEY: Objection, form.

9 THE WITNESS: Again, I don't -- no, I don't know.

10 BY MS. RAVI:

11 Q. Okay. Let's turn back to Page 10, actually Pages
12 9 to 10 of this document.

13 Plaintiffs' Interrogatory 2 asks the Plan to
14 describe the financial sustainability of the State Health
15 Plan.

16 Is that right?

17 A. Yes.

18 Q. And turning over to Page 10, the Plan references
19 several policies or decisions to improve the Plan's
20 long-term sustainability that have been proposed, adopted,
21 or implemented since 2017.

22 Is that right?

23 A. That is correct.

24 Q. Listed under Response (a), the Plan references an
25 increased use of a Medicare Advantage plan.

1 A. Yes.

2 Q. And it states that this change is expected to
3 generate 590 million dollars in savings over three years.

4 Is that right?

5 A. I don't see the 590 -- oh, right there. Thank
6 you. Appreciate that.

7 Yes, that is correct.

8 Q. And under (b), it states elimination of the
9 subsidy for retiree healthcare benefits for members hired
10 after January 2021.

11 Is that right?

12 A. Yes.

13 Q. How much is that expected to save?

14 A. Well, out of the OPEB liability, it will be
15 billions. But it is not calculable without that.

16 It's probably in the 300, for the retirees,
17 again, probably 300 dollars per member per month. But,
18 again, it's pretty difficult to calculate that.

19 Q. Under (c), the Plan references competitive
20 bidding for third-party administration services for the
21 Plan.

22 Is that right?

23 A. Correct.

24 Q. And the Plan estimates that this will save at
25 least 20 million dollars per year.

1 Is that right?

2 A. Correct.

3 Q. And under (d), the Plan references the Clear
4 Pricing Project.

5 Is that correct?

6 A. Correct.

7 Q. How much is that expected to save?

8 A. In its full state of, of action, if we were to
9 achieve the full goal, we would save probably 300 million
10 dollars.

11 Q. All right. I'll hand you what I've marked as
12 Exhibit 10.

13 (Exhibit 10 is marked for identification.)

14 BY MS. RAVI:

15 Q. Are you familiar with this document?

16 A. I am.

17 Q. What is this?

18 A. It is a Disclosure of Expert Witnesses Who Do Not
19 Provide a Written Report Pursuant to -- a citation -- by
20 Defendants Dale Folwell, Dee Jones, and the North Carolina
21 State Health Plan for Teachers and State Employees.

22 Q. As of December 2017, what was the amount of the
23 Plan's unfunded liability?

24 A. December 2017? It's not calculated as of the end
25 of the year. It's more as of 6-30. I want to say that was

1 booklet is laid out and given to every new employee. And
2 they can make a choice as to whether or not they want the
3 benefit, can afford the benefit, or if the benefit covers
4 what they need to have covered.

5 Q. Is it correct that individuals cannot receive
6 coverage under the Plan unless they are employed by a state
7 agency or participating local agency?

8 A. They could be a dependent of someone on the State
9 Health Plan.

10 Q. So an individual to receive coverage must either
11 be employed by a state agency or be a dependent of somebody
12 who is?

13 A. Correct. And that dependency would be validated
14 through a qualifying documentation.

15 Q. How is an individual's eligibility for
16 participating in the Plan determined?

17 A. First of all, it's laid out in statute. But,
18 again, it's just be an employee of an employing unit that
19 is participating in the Plan is the simplest way to put it.

20 Q. And who makes that determination?

21 A. General Assembly.

22 Q. Does someone review an enrollee's request to
23 participate in the Plan to confirm that they are, in fact,
24 employed by a state agency?

25 A. Yes. We have what we call Health Benefit

1 Representatives that are at every employing unit and/or
2 agency office. And they assist any new member, new
3 employee with the benefits enrollment.

4 Q. And how are eligible employees enrolled in the
5 Plan?

6 A. Again, they can go into the system either on
7 their own or call in and be enrolled by a call center
8 representative.

9 Q. Do participating employers play a role in getting
10 eligible employees enrolled in the Plan?

11 A. Yes. The HBR is very much responsible for
12 helping the member. But it's still on the member or the
13 employee to enroll in a timely fashion. There's a 30-day
14 window for which a new employee has to be enrolled. That's
15 the window. And that's in statute.

16 Q. And you said that a Health Benefits
17 Representative can provide assistance in that process.

18 A. Correct.

19 Q. What about participating employers, do they play
20 a role in this process?

21 A. In what way?

22 Q. Do participating employers play a role in the
23 process of getting an eligible --

24 A. Only through the fact that they have an HBR
25 available.

1 Q. Do participating employers have any role in
2 determining eligibility?

3 A. To the extent that it's either a new hire and
4 they're working more than 30 hours a week as a full-time
5 employee, but other than that, no.

6 Q. Do participating employers provide enrollment
7 forms?

8 A. Yes.

9 Q. Do they transmit those enrollment forms to the
10 Plan?

11 A. If there's, if it's -- first of all, we do mostly
12 electronic enrollment. So they might provide a computer
13 for someone to enroll. I'm not -- we don't manage what the
14 employers do as to how exactly they do it.

15 But I know of some that will provide a computer
16 for an employee who does not necessarily work in a desk
17 job. But they are, they help them get enrolled. But
18 that's, again, on the HBR and the agency or the employer.

19 Q. Okay. And do participating employers deduct
20 premiums from their employees' salary?

21 A. The State Controller deducts the premiums from
22 the salary. But it's the local HR people who are
23 responsible for getting it right into the system, the HR
24 payroll system.

25 There are 408 employing units, for example, that

1 after 2018, the Plan is not aware of any specific time when
2 the medical uncertainty of gender dysphoria treatment was
3 discussed?

4 A. That may be fair.

5 Q. And you mentioned that the Plan has resources
6 that it can reach out to for information on this topic.
7 You said that Blue Cross Blue Shield is one of those
8 resources and CVS.

9 Are there any other resources?

10 A. Those are our main go-tos. Segal, we talk to
11 Segal. They have consulting staff that includes
12 clinicians.

13 Q. Any other resources for the topic of gender
14 dysphoria treatment?

15 A. No.

16 Q. All right. And you testified earlier that you,
17 yourself, did some research into the medical necessity of
18 gender dysphoria treatment.

19 Is that right?

20 A. Yes.

21 Q. You said that you researched Kaiser, Milliman,
22 and the New England Journal of Medicine.

23 Is that right?

24 A. Yes.

25 Q. How did you decide to look at those resources?

1 A. I reached out to Segal, Blue Cross, and CVS.
2 They are our partners. They all have clinical staff. And
3 that's where we get our, a lot of our clinical feedback.

4 Q. Did you save your research?

5 A. What's that?

6 Q. Did you save your research?

7 A. No.

8 Q. Why not?

9 A. Because I wasn't researching to write a white
10 paper.

11 Q. So is it correct that that research has not been
12 produced to the plaintiffs at this point?

13 A. Right. General curiosity.

14 Q. In the fall of 2017, how long did you spend
15 researching these issues?

16 A. Several hours maybe.

17 Q. And you said maybe again in 2018. How long did
18 you spend in 2018?

19 A. Probably less.

20 Q. Did you share your research with anyone?

21 A. The staff discussed it. They may have researched
22 as well. And, again, it was more general conversation.

23 Q. Who at the, in the staff did you share your
24 research with?

25 A. Caroline, Ted, Beth. It's my leadership team, we

1 not personal. This is not something that I get to make a
2 choice about. Because if I had every single group that
3 comes in to ask for a benefit, if I covered that, then I
4 would be completely, completely avoiding my fiduciary
5 responsibility to cover basic health. That's what the Plan
6 Benefits Booklet says, right?

7 The Plan Benefits Booklet identifies every single
8 thing I cover. And it provides healthcare. We want every
9 member of the Plan to have good healthcare. We want the --
10 and the reality is we have a lot of members who have
11 diabetes. We have a lot of members who have orthopedic
12 issues. We have a lot of members who have RA. We have
13 really a lot of members who have cancer. And they want to
14 be, they want to be covered.

15 And so it's really difficult for me to just say,
16 you know, I can take this group of 25 and this group of 10
17 and these -- if you add all that up -- I'll, I'll totally
18 admit that the cost of this benefit is not going to break
19 the Plan, never was, never will.

20 But it -- I can't do it for that group and not do
21 it for the group that wants it for their infants, for, you
22 know, for a certain feeding formula for that infant group,
23 and I can't do it for the hearing aid group, and I can't do
24 it for the group that really wants acupuncture.

25 Because once you start adding those, then I have

1 And it may sound big and like we can get all this
2 buying power. We don't have all the buying power. The
3 hospitals and the providers that work in the hospitals are
4 killing us all from a cost standpoint.

5 And so it's, you know, my focus is to be able to
6 reduce family premiums 100 bucks. That's my, that is one of
7 my biggest goals right now. And that is the only way I'm
8 going to get an uptick -- to bill 100 dollars -- I'm paying
9 right now 720 dollars for three people. That's a lot of
10 money. And I am grateful that I can afford it. But for
11 your average teacher, they can't afford that.

12 And I'm going to have to reduce the family premium
13 100 bucks at a minimum to make somebody take it up.

14 And so until I can take that kind of money out of
15 the Plan and at the same time shore up the Retiree Health
16 Benefit Trust Fund for the unfunded liability and make up
17 trend -- oh, by the way, they're not covering COVID costs
18 right now. The General Assembly is not interested in giving
19 us back our money for COVID.

20 So people ask me why carry a billion dollar
21 budget, cash, cash balance? It's to make up for things like
22 that. Like a bad flu season, which we're going to have,
23 we're going to have it if we're not careful about vaccines
24 and COVID's still raging.

25 I mean that's what I have to live with every day

1 A. Surgical procedures for psychological or
2 emotional reasons.

3 Q. And would those exclusions also potentially apply
4 to coverage for gender dysphoria?

5 A. Yes.

6 Q. Earlier, you mentioned HBRs. What are they again
7 please?

8 A. Health Benefit Representatives. They are
9 actually defined in statute. And they work at the various
10 employing units. I mentioned there are 408. They are
11 liaisons to the Plan. So the Plan teaches them, keeps them
12 apprised of the benefits being offered. But they're
13 responsible for their employer's employees and getting them
14 enrolled and making sure they understand the processes.

15 Q. So are they employed by the State Health Plan or
16 by others?

17 A. By the others.

18 Q. All right. Thank you.

19 On costs -- would you get Exhibits 6 and 7 please.

20 Looking at Exhibit 6, for example, look at the
21 first e-mail on Exhibit 6, Page DEF61647, the January 22,
22 2017 e-mail.

23 A. Yes.

24 Q. And that reports, as of 1-21, a total paid of
25 287.57.

Exhibit 13



Deposition of:
Peter Robie , M.D.

September 22, 2021

In the Matter of:
Kadel, et al vs. Folwell

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1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
3 Civil Action No. 1:19-cv-00272

4 MAXWELL KADEL, et al.,
5 Plaintiffs,

6 vs.

7 DALE FOLWELL, in his official
8 capacity as State Treasurer of
9 North Carolina, et al.,
10 Defendants.

11
12
13 VIRTUAL ZOOM VIDEOTAPED DEPOSITION OF
14 PETER ROBIE, M.D.

15 (Taken by Plaintiffs)

16 Winston-Salem, North Carolina
17 Wednesday, September 22, 2021

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21 Reported by Andrea L. Kingsley, RPR
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VIRTUAL ZOOM VIDEOTAPED DEPOSITION
OF PETER ROBIE, M.D., a witness called on
behalf of the Plaintiffs pursuant to the
Federal Rules of Civil Procedure, before
Andrea L. Kingsley, Notary Public, in and for
the State of North Carolina, at Winston-Salem,
North Carolina, on Wednesday, September 22,
2021, commencing at 10:05 a.m.

1 Q. When you retired in 2016, did you stop
2 practicing medicine at that time?

3 A. For six months.

4 Q. Are you currently practicing medicine?

5 A. Yes.

6 Q. What is your area of practice?

7 A. Internal medicine.

8 Q. Do you have any other specializations?

9 A. No.

10 Q. Any other areas of practice?

11 A. No.

12 Q. Are you an expert in the diagnosis of
13 gender dysphoria?

14 A. No.

15 Q. Have you ever diagnosed a patient with
16 gender dysphoria?

17 A. No.

18 Q. Are you an expert in the treatment of
19 gender dysphoria?

20 A. No.

21 Q. Have you ever treated a patient for
22 gender dysphoria?

23 A. No.

24 Q. Are you an expert in the cost of
25 treatment for gender dysphoria?

1 A. No.

2 Q. Have you ever submitted a request for
3 pre-authorization for insurance coverage for gender
4 concerning care?

5 A. No.

6 Q. Have you ever communicated with an
7 insurer regarding a denial of coverage for gender
8 confirming care?

9 A. No.

10 Q. Have you ever taught medicine?

11 A. Yes.

12 Q. Where did you teach?

13 A. Baylor College of Medicine, Wake Forest
14 Baptist Medical Center.

15 Q. At Baylor what were you teaching?

16 A. General internal medicine.

17 Q. Did you teach anything else at Baylor?

18 A. No.

19 Q. What about at Wake Forest?

20 A. General internal medicine.

21 Q. Either at Baylor or at Wake Forest did
22 you teach on the subject of gender dysphoria?

23 A. No.

24 Q. Have you ever taught on that subject?

25 A. No.

1 Q. Apart from the statement itself, did you
2 discuss any of the content of the statement with
3 Treasurer Folwell?

4 MR. WILLIAMS: Objection to the
5 form.

6 A. No.

7 Q. Have you ever had a conversation with
8 Treasurer Folwell regarding the medical necessity of
9 gender confirming care?

10 A. No.

11 Q. Can gender confirming care ever be
12 medically necessary for a patient?

13 A. That decision is made by the provider,
14 patient's physician, and the patient together. The
15 medical necessity is determined really at that
16 level. To me, when the guidelines are issued by
17 organizations such as the American Medical
18 Association and the Society and so on, they are
19 guidelines. The medical necessity is not
20 determined by the guidelines, it's determined by
21 the provider and the patient.

22 Q. Is there ever a circumstance where a
23 provider and patient together could determine that
24 gender confirming care is medically necessary?

25 MR. WILLIAMS: Objection to the

1 form.

2 A. I don't know.

3 Q. Going back to Exhibit 3, other than
4 Treasurer Folwell, did you discuss the contents of
5 this statement with anyone else?

6 A. No.

7 Q. Are you familiar with the Segal Company?

8 A. No.

9 Q. Are you aware of the total cost that the
10 plan incurred for covering gender confirming care in
11 2017?

12 A. No.

13 Q. I will ask you to take a look at what's
14 been marked as Exhibit 4.

15 (Exhibit 4, PLAN DEF0038905, marked
16 for identification, as of this date.)

17 A. Okay.

18 Q. Are you familiar with this document,
19 Dr. Robie?

20 A. Yes.

21 Q. What is this document?

22 A. It's an e-mail on our last board meeting
23 sharing my thoughts about several e-mails that plan
24 members had sent to the board since their last
25 meeting.

Exhibit 14



Deposition of:
**Becki Johnson 30(b)(6) North Carolina
Department of Public Safety**

September 15, 2021

In the Matter of:
Kadel, et al vs. Folwell

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MAXWELL KADEL, et al.,)
)
)
 Plaintiffs,)
) No. 1:19-cv-272-LCB-LPA
)
 V.)
)
)
 DALE FOLWELL, et al.,)
)
)
 Defendants.)
)

BECKI JOHNSON

30(b) (6) DESIGNEE FOR NC DEPARTMENT OF PUBLIC SAFETY

THIS TRANSCRIPT IS NOT COMPLETE
PORTIONS OF THIS TRANSCRIPT AND/OR EXHIBITS
MAY BE DESIGNATED CONFIDENTIAL/ATTORNEYS EYES ONLY
AFTER REVIEW OF TRANSCRIPT BY ATTORNEYS WITHIN 30
DAYS OF DATE OF DEPOSITION PER PROTECTIVE ORDER

Reported by: Michelle Maar, RDR, RMR, FCRR

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INDEX

Examination by Mr. Marolf.....	5
Examination by Mr. Knepper.....	32
Examination by Mr. McInnes.....	66
Further examination by Mr. Knepper.....	68

DEPOSITION EXHIBITS

Plaintiffs' Exhibit No.	Description	Page
Exhibit 1	Notice of Rule 30(b)(6) Deposition of North Carolina Department of Public Safety.....	6
Exhibit 2	Defendant State of North Carolina Department of Public Safety's Answer to Plaintiffs' Amended Complaint.....	12
Exhibit 3	Defendant N.C. Department of Public Safety's Responses to Plaintiffs' First Set of Interrogatories.....	18
Exhibit 4	Department of State Treasurer, Retirement Systems Division Form.....	36
Exhibit 5	State of North Carolina Department of Justice, Criminal Justice Education And Training Standards Commission General Certification.....	38
Exhibit 6	NC DPS STS History (ST03) Report.....	47
Exhibit 7	Training Transcript Report.....	48
Exhibit 8	Confirmation Statement.....	53

P R O C E E D I N G S

BECKI JOHNSON,

called as a witness and having been first duly sworn
remotely, pursuant to NC Session Law 2021-3,
was examined and testified as follows:

* * * * *

MR. MAROLF: I'm Evan Marolf, representing the
Plaintiffs in this matter. I'm with Harris, Wiltshire &
Grannis.

Also here on behalf of Plaintiffs are Amy
Richardson, with Harris, Wiltshire & Grannis, and Tara
Borelli, with Lambda Legal.

MR. KNEPPER: And my name is John Knepper. I
represent Co-Defendants, the State Health Plan, Treasurer
Dale Folwell, and the Administrator of the Health Plan Dee
Jones.

And with me is Mark Jones, who is with Bell,
Davis, Pitt.

And we may be joined later by Kevin Williams,
another attorney from Bell, Davis, Pitt, or Joel Heimbach,
who is one of the in-house counsel for the North Carolina
Treasurer's Office.

MR. MCINNIS: And my name is Alan McInnis. I
represent the North Carolina Department of Public Safety.

I'm in the room with the witness, Becki Johnson.

1 That's all that's appearing on behalf of DPS.

2
3 EXAMINATION

4 BY MR. MAROLF:

5 Q. All right. Good morning, Ms. Johnson.

6 A. Good morning.

7 Q. Would you start by just stating your full name
8 for the record please.

9 A. Becki Johnson.

10 Q. Have you ever had your deposition taken before?

11 A. No.

12 Q. Okay. So I just want to quickly go over a few
13 ground rules just to make sure that we're on the same page.

14 So the court reporter is going to be transcribing
15 my questions and your answers. So if you could, please give
16 a verbal response to my questions so that she can correctly
17 transcribe them. That would be helpful.

18 And then I'll also ask that you let me finish my
19 questions, you know, before you start answering. And I'll
20 do my best to avoid interrupting you.

21 That might be a little more difficult with being
22 remote. And so, hopefully, we don't have too many
23 connection issues.

24 We'll both do our best. Is that fair?

25 A. Yes.

1 Q. And if I ask you a question that you don't
2 understand, please just ask me to rephrase it.

3 And if you don't, I'll assume that you did
4 understand. Is that fair?

5 A. Yes.

6 Q. Is there anything inhibiting your ability to give
7 complete, honest answers today?

8 A. No.

9 Q. All right. Do you understand that you're
10 testifying as a designated representative of the North
11 Carolina Department of Public Safety today?

12 A. Yes.

13 Q. What did you do to prepare for your deposition
14 today?

15 A. I just read over some of the stuff that Mr.
16 McInnis had sent me.

17 Q. What documents did you review?

18 A. The, it was the personnel file and the medical
19 file for the plaintiff and the interrogatories that DPS had
20 already submitted, and an expert witness, and expert
21 witness stuff too.

22 Q. I'm going to show you an exhibit.

23 MR. MAROLF: Well, actually, Alan, sorry, if you
24 would, if you could pull up Exhibit 1.

25 (Exhibit 1 is marked for identification.)

1 MR. MCINNIS: Okay. We're looking at it.

2 BY MR. MAROLF:

3 Q. And I'll give you a chance if you want to review
4 it before I ask you any questions about it.

5 A. (Witness reviews the document.)

6 Okay.

7 Q. Have you seen this document before?

8 A. Yes.

9 Q. Could you just read the bold, underlined text
10 near the, in the bottom third or so of the first page of
11 the document.

12 A. Hold on.

13 The Notice of Rule 30(b)(6) Deposition of North
14 Carolina Department of Public Safety.

15 Q. Yes. Thank you.

16 And did you review this document as you prepared
17 for the deposition today?

18 A. Yes.

19 Q. And I'm going to direct you to page, it's the
20 third page of the document, it doesn't have a page number
21 on it, but the third page of the document near the bottom
22 says in bold, underlined, it says Deposition Topics.

23 A. Okay.

24 Q. And on the next couple of pages or so, there are
25 17 numbered paragraphs.

1 A. Yes.

2 Q. Are you prepared to testify on the topics listed
3 in those paragraphs?

4 A. Yes.

5 Q. Okay. Aside from your attorney, did you speak
6 with anyone else to develop your knowledge on these topics?

7 A. No.

8 Q. Okay. Ms. Johnson, do you currently work at the
9 Department of Public Safety?

10 A. Yes.

11 Q. And if I refer to it as DPS, would that be
12 confusing? Or will that make sense to you?

13 A. No. That's fine.

14 Q. Okay. How long have you been working with DPS?

15 A. This, this stint I came back in 2018. I
16 previously worked for them in 2006 to 2014.

17 Q. And what's your current job title?

18 A. HR Benefits Manager.

19 Q. And was that the same job that you held in your
20 first stint?

21 A. No.

22 Q. Okay. What, what was your, what positions did
23 you hold previously to this one?

24 A. I was the Disability and Retirement Program
25 Manager prior.

1 Q. Okay. And any other positions before that?

2 A. No.

3 Q. Or in between the two?

4 A. Not for DPS.

5 Q. Okay. Yeah.

6 What are your, what are your responsibilities?

7 A. I oversee the benefits programs for the
8 department, which include insurance benefits, leave
9 benefits, retirement and disability benefits, as well as
10 leave of absence and separations.

11 Q. And what were your, what were your
12 responsibilities as disability -- was it Disability
13 Benefits Manager? Was that the previous position?

14 A. It was Disability and Retirement Program Manager.

15 And my responsibilities were to oversee the
16 retirement program for the agency, as well as the
17 disability benefits for the agency, and process disability
18 payments monthly for employees out on short-term
19 disability.

20 Q. Ms. Johnson, does the Department of Public Safety
21 offer health insurance to its employees?

22 A. Yes. Through the State Health Plan.

23 Q. Sorry -- you said through the State Health Plan?

24 A. Yes. Yes.

25 Q. And does DPS pay money into the State Health Plan

1 to contribute for its employees' health insurance premiums?

2 A. Yes. We pay a monthly employee, employer portion
3 for each employee.

4 Q. And how is the amount that DPS pays into the
5 State Health Plan each month determined?

6 A. The State Health Plan determines it each year and
7 provides it to us.

8 Q. And so DPS doesn't play a role in making that
9 determination. It's purely the State Health Plan, and DPS
10 just goes along with that.

11 Is that right?

12 A. Yes. That's correct.

13 Q. And so if the amount changes at any point, that
14 would all be determined by the State Health Plan?

15 A. Correct.

16 Q. Approximately how many DPS employees qualify for
17 health insurance through the State Health Plan?

18 A. We have about 21,000 employees.

19 Q. And all of them are on the State Health Plan?

20 There aren't any who don't qualify for insurance
21 or --

22 A. Well, depending on their hours worked, some
23 probably don't qualify, or some that have declined coverage
24 because they have other coverage.

25 Q. Right. Can you estimate of how many of those

1 21,000 employees would be on the State Health Plan?

2 A. I would say maybe about 18 or 19,000.

3 Q. And again approximately, how much does DPS pay
4 the State Health Plan each year in total for all these
5 employees?

6 A. We don't pay it directly, the Office of the State
7 Controller pays it. I can give you the monthly amount per
8 employee.

9 Q. Sure. That's fine.

10 A. It's 521.96 currently.

11 Q. And so just to make sure I'm understanding -- so
12 that's, it's 521 or so for each of those employees.

13 And that's for all of those employees who are on
14 the Health Plan, correct?

15 A. Correct. Yes.

16 Q. So if I were doing the math, I could just
17 multiply that by 18 or 19,000 and that would be the total?

18 A. Yes.

19 Q. Does the Department of Public Safety have any
20 control over the health insurance that its employees
21 receive?

22 A. No.

23 Q. Okay. And I'm actually going to pull up -- well,
24 I'm going to send another, put another exhibit into the
25 folder, if you'll bear with me for a minute.

1 (Exhibit 2 is marked for identification.)

2 THE WITNESS: Okay.

3 BY MR. MAROLF:

4 Q. Do you have Exhibit 2 in front of you?

5 A. Yes.

6 Q. Do you recognize this document?

7 A. Looks a lot like the other document -- so, no. I
8 don't think so.

9 Q. Okay. Could you just read what it says in the
10 upper, the right half in bold text on Page 1?

11 A. Defendant State of North Carolina Department of
12 Public Safety's Answers to Plaintiffs' Amended Complaint.

13 Q. Thank you. And I'll give you a chance to review
14 this if you want.

15 I just have one spot in it that I want to ask you
16 about. But please go ahead and review it for as much time
17 as you want.

18 A. (Witness reviews the document.)

19 Okay. Go ahead.

20 Q. So I want to direct you to the bottom of Page
21 Number 27.

22 And it's going to be, the paragraphs are
23 numbered, it's going to be paragraph numbered 179 at the
24 very bottom of that page.

25 A. Okay.

1 Q. Are you there?

2 A. Yes.

3 Q. So it says there that NCSHP, the State Health
4 Plan, determines what health benefits are available to
5 state employees through their employment.

6 Is that your understanding of what is true for
7 the Department of Public Safety?

8 A. Yes. That's correct.

9 Q. And so just not to belabor the point -- so is it
10 true then that DPS does, plays no role in determining what
11 health benefits are available to its employees?

12 A. That's correct.

13 Q. Does DPS play any role in determining the number
14 of health plan options that are offered to its employees?

15 A. Not to my knowledge. My understanding is that
16 we're only allowed to offer the State Health Plan for
17 medical coverage.

18 Q. Right. Is there more than one health insurance
19 plan that employees can choose between to sign up for?

20 A. So the State Health Plan currently offers two
21 plans for active employees, the 70/30 and the 80/20 Plan.

22 Q. Okay. Thanks.

23 And so you're saying that the State Health Plan
24 determines those, and DPS doesn't choose whether to
25 offer --

1 A. Correct.

2 Q. -- one or the other, that's determined by the
3 State Health Plan?

4 A. That's correct. The employee chooses between the
5 70/30 or the 80/20. But those plans are determined by the
6 State Health Plan.

7 Q. Okay. And does DPS play any role in determining
8 the terms of those health plans?

9 A. No. We don't.

10 Q. Does DPS play any role in determining which
11 third-party administrator is selected to offer the health
12 insurance coverage?

13 A. No.

14 Q. Does DPS play any role in determining which
15 third-party administrator is selected to administer
16 pharmaceutical coverage?

17 A. No.

18 Q. Are DPS employees allowed to change their health
19 coverage outside of the open enrollment period if they have
20 a qualifying life event?

21 A. Yes.

22 Q. And in that event, who would an employee notify
23 of the qualifying life event?

24 A. The employee would log into the system online and
25 create a qualifying life event and make their changes.

1 Q. And when you say the system online, what is that
2 system?

3 A. It's the Integrated HR Payroll System, formerly
4 known as Beacon.

5 Q. Okay. And is that system, is that, is that
6 provided by the Department of Public Safety? Or is that
7 run by the State Health Plan?

8 A. It's run by the Office of the State Controller.

9 Q. And does DPS play any role in managing that
10 system or monitoring what its employees, what information
11 its employees put into the system?

12 A. Can you repeat that please?

13 Q. Does DPS play any role in monitoring what its
14 employees put into that payroll system?

15 A. So when employees put in a qualifying life event,
16 that has to be approved by the Central HR Insurance
17 Section. So we do review the documents and the event, and
18 approve it if we can.

19 Q. And so that Central, you said Central HR
20 Insurance, is that an office within the Department of
21 Public Safety?

22 A. Yes.

23 Q. And so that office determines whether the
24 employee has a qualifying life event, is that what you're
25 testifying to?

1 A. Yes. That's correct.

2 Q. Okay. And would that office also decide whether
3 to approve the request to change health coverage for a
4 qualifying life event?

5 A. I'm not sure what you mean by change health
6 insurance.

7 Q. So if the employee has a qualifying life event,
8 does that office, is that the end of it, that office
9 approves the request to change the employee's health
10 coverage?

11 Or does that office make any other determinations
12 to decide whether the employee is allowed to make that
13 change in their insurance coverage?

14 A. So we would make that determination. We would
15 need the documentation, view the dates -- because they have
16 to do it within 30 days of the qualifying life event. And
17 they have to provide documentation for the event.

18 And if they're adding dependents, they have to
19 add documentation to verify that they're legitimate
20 dependents.

21 And we would review those documents and approve
22 it.

23 Q. And if an employee, say an employee doesn't know
24 how to access the website, would that employee come to
25 someone in your office to ask for a form to fill out? Or

1 would they have to ask a question about how to access the
2 website?

3 A. So, yeah, generally they would go to the HBR at
4 their facility to ask questions, for help.

5 There is no form. It has to be done through the
6 system.

7 But if they can't get up with the HBR, they would
8 reach out to the Insurance Section in our office.

9 Q. Okay. And HBR, is that Health Benefits
10 Representative?

11 A. Yes. It is.

12 Q. Does DPS offer any type of health insurance apart
13 from what is offered through the State Health Plan?

14 A. No.

15 Q. Are DPS employees required to sign up for health
16 insurance?

17 A. No.

18 Q. Does DPS provide insurance, health insurance for
19 employees' qualifying dependents?

20 A. Yes.

21 Q. And does DPS offer health insurance for anyone
22 other than the employees and their qualifying dependents?

23 A. No.

24 Q. I'm going to pull up another exhibit here.

25 MR. MAROLF: Give me one second, Alan.

1 (Exhibit 3 is marked for identification.)

2 MR. MAROLF: Okay. Alan, there should be an
3 Exhibit 3 in that folder now.

4 MR. MCINNIS: Okay.

5 BY MR. MAROLF:

6 Q. Do you have Exhibit 3 pulled up?

7 A. Yes.

8 Q. Have you seen this document before?

9 A. Let me see -- I've seen one set of the
10 interrogatories. I'm not sure -- this says it's the first
11 set. So --

12 Q. Okay.

13 A. Yeah.

14 Q. I'll give you a chance -- you have seen it
15 before?

16 A. Yes.

17 Q. And could you just read what is in the top right
18 in bold text on the first page?

19 A. Defendant NC Department of Public Safety's
20 Responses to Plaintiffs' First Set of Interrogatories.

21 Q. Thank you. And are -- Ms. Johnson, I'll give you
22 a chance to review this if you want.

23 But my first question is just going to be if you
24 helped put these responses together.

25 A. Yes.

1 Q. Which ones did you help put together?

2 A. I believe my, my insurance manager and myself and
3 the deputy director met and went over them, so we did them
4 all.

5 Q. Okay. And I'm going to direct you to the bottom
6 of Page 3 in this document.

7 And it's, there's a Paragraph 3, and then there's
8 a Subparagraph marked A.

9 And then there's, in bold text, an answer to that,
10 which is DPS's response to that interrogatory.

11 A. Okay.

12 Q. And that answer goes onto the next page.

13 A. Okay.

14 Q. So I think we were talking about this earlier a
15 little bit -- but the answer to Interrogatory Number 3A
16 states that employees can enroll online through the
17 Integrated HR Payroll System formerly known as Beacon.

18 A. That's correct.

19 Q. And so, again, we talked about this a little bit
20 -- but this is the same HR payroll system that you
21 mentioned earlier that has a website that employees go
22 onto.

23 Is that right?

24 A. Yes. That's correct.

25 Q. And could you remind me who maintains the

1 Integrated HR Payroll System?

2 A. The Office of the State Controller.

3 Q. Thank you.

4 A. Uh-huh.

5 Q. So if an employee goes onto that system to make
6 any changes to their health plan -- well, is there ever a
7 time when they can do that -- we talked about qualifying
8 life events.

9 Is there a time when employees can go onto that
10 website without some intervention from DPS or without any
11 oversight from DPS?

12 A. Yes.

13 Q. And when would that be?

14 A. Employees can go on there to upload any
15 documentation that they want to unrelated to a QLE.

16 They update beneficiaries to some of the plans,
17 update Social Security numbers, the birth dates for their
18 dependents or beneficiaries. And they can also update
19 their primary care physician at any time.

20 Q. And would DPS have access to all of that
21 information when an employee makes those changes?

22 A. So we're not notified when they make them. But,
23 yes, we would have access to see them after they've been
24 made -- if we were to go in and look at it for some reason.

25 Q. Does the State Health Plan have access to that

1 information?

2 A. I believe so.

3 Q. Who -- so do employees have log-in credentials to
4 access that HR system?

5 A. Yes.

6 Q. Who provides those log-in credentials to
7 employees?

8 A. They're given an NCID. I believe it's given when
9 they're hired by the agency.

10 Q. And what is an NCID?

11 A. North Carolina Identification.

12 Q. And did you say that's provided by the agency?

13 A. Yes.

14 Q. If an employee has a technical issue with the HR
15 website, who would they contact for assistance with that?

16 A. Generally, they would contact Best Shared
17 Services at the Office of the State Controller.

18 They may also go to their HRB at their facility
19 or contact our office.

20 Q. I want to ask a little bit more about the HBRs,
21 the Health Benefits Representatives.

22 A. Okay.

23 Q. Who are they employed by? Are they Department of
24 Public Safety employees?

25 A. Yes.

1 Q. And what are their job responsibilities?

2 A. To my knowledge, they have separate
3 responsibilities, but for whatever reason they have been
4 designated as the HBR for that particular work location.

5 And in that role, they have to provide
6 information about benefits, benefit changes. They're there
7 to help them with any enrollments and stuff that they might
8 do and show them where all the documentation is.

9 I think they also do like new hire stuff with
10 them and new hire orientation. I think they have several
11 duties.

12 But the one that our office is involved with them
13 in is the insurance piece and benefits.

14 Q. And you said there's one HBR for each work
15 location?

16 A. There may be more than one. We ask them to
17 designate two, so we have a back-up. If it's a larger
18 facility, they may have three or four.

19 Q. And so you said you designate them.

20 So is the HBR, is that their entire job? Or do
21 they have other, is it someone with another job and then
22 they're also designated as the HBR, so they have these
23 additional duties?

24 A. Yes. They have another job. And then their work
25 location has designated them as the HBR.

1 Q. And then so does your office or does DPS train
2 the Health Benefits Representatives on their roles?

3 A. We do provide some training occasionally for the
4 HBRs. We also provide them information from the State
5 Health Plan or NCFlex about benefits trainings that they
6 offer. And we have them attend those.

7 Q. And does -- so the State Health Plan participates
8 in training them. Does it also supervise them at all in
9 their HBR roles?

10 A. Not to my knowledge.

11 Q. Does your office or does DPS supervise them in
12 that role?

13 A. So we, you know, we help them. They don't report
14 to us, and we're not supervisors over them. But, yes, we
15 do provide them the information.

16 And if they need help and they're reaching out to
17 the Central Insurance Section, yes.

18 Q. So you said the HBRs provide, you know, certain
19 information to employees.

20 And did I also hear you say that that information
21 comes from the State Health Plan that they provide to the
22 employees?

23 A. Yes. Usually we'll get the information from the
24 State Health Plan, and then we disseminate it to the HBRs.

25 Q. Does any information not come from the State

1 Health Plan? Does any information just come from DPS?

2 A. So, yes, we will send out, you know, reminders
3 about things. Or, you know, if we're seeing issues with
4 something, we might send out reminders.

5 So, yes, the Insurance Office also sends them
6 information.

7 Q. If an employee has a question during the open
8 enrollment period, are they allowed to talk to the Health
9 Benefits Representatives?

10 A. Yes.

11 Q. And is that, in fact, who they're supposed to
12 talk to if they have questions about their insurance?

13 A. That's their first line of contact, yes.

14 Q. And so if they have, if an employee has a
15 question, aside from the open enrollment period, would they
16 also go to the HBR in that case as well?

17 A. Yes.

18 Q. How do employees contact their HBR?

19 A. They're onsite. So I mean they could call them.
20 They could e-mail them. I'm not sure because I'm not
21 there. But they're onsite, so they could go to their
22 office as well. I'm sure they do all three.

23 Q. And you said they can also potentially e-mail
24 them in some cases?

25 A. Yes.

1 Q. Is there any, is there any website for employees
2 to interface with the HBRs? Or would it just be through
3 e-mail if they're doing it online?

4 A. To my knowledge, it would just be through e-mail
5 -- unless a certain facility has set something up that
6 we're not aware of.

7 Q. And does DPS provide contact information to
8 employees for their HBRs?

9 A. To my knowledge, yes. I mean they should be
10 because they're meeting with them when they hire them. So
11 they're being told who that contact is from, you know, the
12 initial employment.

13 Q. You said they meet with them. So when a new
14 employee starts work at DPS, the HBR is one of the people
15 they would meet with to discuss their health insurance?

16 A. Yes. They do a new hire orientation.

17 Q. And by new hire orientation, do you mean
18 specifically to insurance and benefits? Or is it more than
19 that?

20 A. It's more than that.

21 Q. So what else is included in that orientation?

22 A. It covers the whole department, you know, the
23 divisions, all sorts of things, disciplinary stuff.

24 There is a benefit section that covers leave,
25 covers some policies .

1 Q. So it covers all of the typical new employee
2 stuff. It's not limited to just the bare health benefits.

3 Even though these are Health Benefits
4 Representatives, they provide this training that covers
5 basically all new employee training?

6 A. Yes. Because they do other things than just the
7 health benefits, yes.

8 Q. Right. I want to look back at Exhibit 3.
9 And on Page 4 of that exhibit, it's a
10 continuation of Interrogatory Number 3, and it's Number 3B.

11 A. Okay.

12 Q. And I'll give you a chance to review it if you
13 would like to.

14 A. (Witness reviews the document.)

15 Okay.

16 Q. So this response says that DPS would get involved
17 in certain cases where an employee loses coverage.

18 And without just reading the whole text to you --
19 when an employee loses coverage because the employee goes
20 on leave without pay and there's no monthly paycheck to,
21 for DPS to deduct the employee's monthly insurance premium
22 from -- and it says that if an employee wants to have their
23 coverage reinstated, DPS would work with the employee and
24 submit an exception request to the State Health Plan.

25 So when an employee loses their insurance coverage

1 in a case like this, when does DPS first become involved?

2 Is it immediately when the employee goes on leave?

3 A. So when the employee first goes on leave, the HBR
4 at the facility provides them with a continuation of
5 benefits while on leave of absence letter.

6 That will explain what is going to happen with
7 their benefits, whether they're exhausting leave or on
8 leave without pay.

9 Q. Okay. And when the employee's monthly paychecks
10 eventually stop and the premiums can no longer be paid,
11 does DPS notify the State Health Plan of that?

12 Or does it just remove that employee's, you know,
13 521 dollar monthly payment from its payments to the State
14 Health Plan?

15 A. So the Office of the State Controller, who all
16 receives the Integrated HR Payroll System, runs reports --
17 they call it a deduction not taken report.

18 When the employee shows up on that report and
19 when there's not enough funds in a paycheck to cover their
20 State Health Plan deduction, then they go in the system and
21 set them to direct bill with a third-party vendor that the
22 State Health Plan uses.

23 Q. So does DPS have any role in any of that?

24 Or is that all handled through the Office of the
25 State Controller and the State Health Plan?

1 A. It's all handled through the Office of the State
2 Controller and the State Health Plan.

3 Q. And so going back to the second half of the
4 second piece of this response in Number 3B, it says that
5 when an employee wants coverage reinstated, DPS would work
6 with the employee to submit an exception request to the
7 State Health Plan.

8 How does that process work?

9 A. So if the employee's benefits were termed because
10 they were not making premium payments to the third-party
11 vendor and they would like that insurance back, we can
12 submit an exception request to the State Health Plan.

13 So that employee generally just starts with their
14 HBRs. They might come directly to the Insurance Section at
15 Central HR. All exception requests have to be submitted
16 through our Insurance Section.

17 So if the HBR is contacted, then they would send
18 that information up to the Central Office.

19 And basically the employee has to, you know,
20 indicate what happened, why they didn't make the payment,
21 and what was going on so that it can be determined if an
22 exception request can be submitted based on the State
23 Health Plan's guidelines for what they'll review.

24 Q. And so to kind of look at that process from the
25 other side -- what does DPS do with the State Health Plan

1 to process those exception requests?

2 A. So if our Insurance Section determines that we
3 can submit an exception request, we type up that exception
4 request and submit it through an online form to the State
5 Health Plan.

6 And then the State Health Plan reviews that and
7 makes the final determination as to whether they'll
8 reinstate the coverage or not.

9 Q. And so that, that final determination is made by
10 the State Health Plan.

11 Is that right?

12 A. Yes. That's correct.

13 Q. I want to ask about the State Health Plan's
14 exclusion of coverage for gender confirming healthcare.

15 Does that exclusion apply to DPS employees?

16 A. Yes. It would apply, if it's a State Health Plan
17 exclusion, it would apply to anybody enrolled in the State
18 Health Plan.

19 Q. And does DPS have any control over whether that
20 exclusion remains in the Plan?

21 A. We do not.

22 Q. Does DPS have any control over any terms of the
23 Plan?

24 A. No. We do not.

25 Q. Has DPS ever received any complaints from

Exhibit 15

IN THE UNITED STATES DISTRICT COURT FOR
THE MIDDLE DISTRICT OF NORTH CAROLINA

MAXWELL KADEL, et al.,)
)
Plaintiffs,)
) No. 1:19-cv-272-LCB-LPA
V.)
)
DALE FOLWELL, et al.,)
)
Defendants.)
_____)

DEPOSITION
OF
MAXWELL KADEL

AUGUST 16, 2021

THIS TRANSCRIPT IS NOT COMPLETE
PORTIONS OF THIS TRANSCRIPT AND/OR EXHIBITS
MAY BE DESIGNATED CONFIDENTIAL/ATTORNEYS EYES ONLY
AFTER REVIEW OF TRANSCRIPT BY ATTORNEYS WITHIN 30
DAYS OF DATE OF DEPOSITION PER PROTECTIVE ORDER

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1 A. Would you rephrase the question?

2 Q. Sure. Do you believe that the diagnosis of
3 Gender Dysphoria is a significant medical condition from
4 which you are suffering?

5 A. I believe in the past, I have felt a very strong
6 sense of incongruence between my gender, or my sex assigned
7 at birth and my gender identity, and that that has caused
8 me a lot of distress.

9 By taking hormones and presenting in a way that
10 I'm more comfortable with, that has alleviated a lot of
11 that distress.

12 Q. Now, you previously testified -- but I just want
13 to tie it in with what you've just said.

14 You testified before you're not a physician. Is
15 that correct?

16 A. Correct.

17 Q. You're not a scientist. Is that correct?

18 A. Correct.

19 Q. Do you have any specialized knowledge or training
20 that would allow you to give an expert opinion on gender
21 dysphoria?

22 A. No.

23 Q. You're a fact witness in this case. Is that
24 correct?

25 A. According to my lawyers, that's my understanding,

Exhibit 16

IN THE UNITED STATES DISTRICT COURT FOR
THE MIDDLE DISTRICT OF NORTH CAROLINA

MAXWELL KADEL, et al.,)	
)	
Plaintiffs,)	
	)	No. 1:19-cv-272-LCB-LPA
V.)	
)	
DALE FOLWELL, et al.,)	
)	
Defendants.)	
_____)	

DEPOSITION
OF
CONNOR THONEN-FLECK

AUGUST 6, 2021

THIS TRANSCRIPT IS NOT COMPLETE
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MAY BE DESIGNATED CONFIDENTIAL/ATTORNEYS EYES ONLY
AFTER REVIEW OF TRANSCRIPT BY ATTORNEYS WITHIN 30
DAYS OF DATE OF DEPOSITION PER PROTECTIVE ORDER

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6
7 Also Present:

8 Jason Fleck
9
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P R O C E E D I N G S

CONNOR THONEN-FLECK,

called as a witness and having been first duly sworn,
was examined and testified as follows:

EXAMINATION

BY MR. KNEPPER:

Q. Good morning. My name is John Knepper. And I'm
an attorney who represents the State Health Plan.

We are here for the deposition of Connor
Thonen-Fleck.

Mr. Fleck, do you understand why you're here
today?

A. Yes.

Q. Why is that?

A. Concerning a lawsuit against the State Health
Plan.

Q. And are you a plaintiff in that lawsuit?

A. Yes.

Q. What as a plaintiff are you alleging?

A. That the State Health Plan has unfairly
discriminated against me.

Q. How has the State Health Plan discriminated
against you?

A. They have refused to pay for any of the care

1 related to transgender expenses.

2 Q. And do you have specific expenses that you, that
3 have not been paid for you?

4 A. All medications, including my testosterone, and
5 surgery I received.

6 Q. So you said all medications. Are there
7 medications other than testosterone?

8 A. No.

9 Q. How about surgery, is it one surgery or are there
10 multiple surgeries?

11 A. It was one.

12 Q. Okay. And how old are you, Mr. Thonen-Fleck?

13 A. I'm 19.

14 Q. And where are you -- are you in school now?

15 A. Yes.

16 Q. And where are you in school?

17 A. I'm in college at North Carolina State
18 University.

19 Q. And what are you studying?

20 A. I'm doing a double major in Animal Science and
21 Biochemistry.

22 Q. And what are your long-term career plans?

23 A. I hope to be a vet.

24 Q. Has that been a long-time interest of yours?

25 A. Yes.

1 A. Not at this time.

2 Q. Are there any other surgeries that you're aware
3 of that might be something you intend to pursue in the
4 future?

5 MR. WEAVER: Objection to form.

6 THE WITNESS: No.

7 BY MR. KNEPPER:

8 Q. What benefits have you received from your hormone
9 therapy?

10 MR. WEAVER: Objection, form.

11 THE WITNESS: Mentally I feel completely
12 different than I did before starting.

13 We've read through multiple documents discussing
14 the depression and suicidal ideation and anxiety I
15 experienced prior to and at the very beginning of hormone
16 therapy.

17 Since then, I'm no longer suicidal. And I no
18 longer experience depression. I feel worlds better now that
19 my body matches my brain.

20 BY MR. KNEPPER:

21 Q. Do you continue to experience anxiety?

22 A. In stressful situations, yes.

23 Q. Did anyone tell you that hormonal therapy would
24 reduce your anxiety?

25 A. No.

EXAMINATION

BY MR. WEAVER:

Q. So, Connor, my understanding is that since you've been on testosterone, Dr. Walsh has regularly checked your blood. Is that correct?

A. Yes.

Q. Do you know why Dr. Walsh does that?

A. She was monitoring for any changes in my testosterone levels, making sure they stayed within normal limits for a biological male, while also checking the other values.

Q. Okay. Has she expressed any concerns about any of your blood work since you've been on testosterone?

A. No. From my understanding, it's all been within normal limits.

Q. And overall, how would you compare your mood today or the last several weeks compared to a year ago, two years ago, three years ago?

A. Worlds better. I think my quality of life during 2018, when my gender dysphoria was at its worse, was far worse than it is now.

Now I'm happy. I'm living on my own comfortably, at ease with myself.

Q. Do you have any suicidal thoughts anymore?

A. No.

Exhibit 17

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
3 Civil Action No. 1:19-cv-0027

4
5 MAXWELL KADEL, et al.,
6
7 Plaintiffs,

8 vs.

9 DALE FOLWELL, in his official
10 capacity as State Treasurer of
11 North Carolina, et al.,

12 Defendants.

13 * CONFIDENTIAL ATTORNEYS' EYES ONLY *

14 DEPOSITION OF JASON FLECK

15 (Taken by Defendants)

16 Raleigh, North Carolina

17 Friday, August 13, 2021

18
19
20
21
22 Reported by Andrea L. Kingsley, RPR
23
24
25

A P P E A R A N C E S

ON BEHALF OF THE PLAINTIFFS:

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SAFETY (Via telephone):

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ALSO PRESENT: Joel Heibach, Esquire, NCSHP

1 DEPOSITION OF JASON FLECK, a
2 witness called on behalf of the Defendants
3 pursuant to the Federal Rules of Civil
4 Procedure, before Andrea L. Kingsley, Notary
5 Public, in and for the State of North
6 Carolina, at Williams Mullens, 301
7 Fayetteville Street, Suite 1700, Raleigh,
8 North Carolina, on Friday, August 13, 2021,
9 commencing at 9:10 a.m.

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1 ceased to be suicidal in January of 2018?

2 A. My observation was he became a totally
3 different person.

4 Q. How so?

5 A. His mood brightened. He started
6 interacting with friends, being social, more
7 social. He started thriving.

8 Q. What do you mean he started driving?

9 A. Thriving.

10 Q. Thriving.

11 Was that an instant change? I'm trying
12 to understand --

13 A. As the treatment progressed. I would
14 say over a series of a few months, there was a
15 drastic change in his personality.

16 Q. So by the end of his 9th grade year, you
17 weren't concerned about Connor's committing suicide?

18 A. No.

19 Q. But the beginning of the year, you were?

20 A. Before the treatment, we were very
21 concerned.

22 Q. Do you remember discussing the
23 connection between gender dysphoria and suicide with
24 any of Connor's physicians?

25 A. Not specifically.

Exhibit 18

IN THE UNITED STATES DISTRICT COURT FOR
THE MIDDLE DISTRICT OF NORTH CAROLINA

MAXWELL KADEL, et al.,)	
)	
Plaintiffs,)	
	)	No. 1:19-cv-272-LCB-LPA
V.)	
)	
DALE FOLWELL, et al.,)	
)	
Defendants.)	
_____)	

DEPOSITION
OF
JULIA MCKEOWN

AUGUST 5, 2021

THIS TRANSCRIPT IS NOT COMPLETE
PORTIONS OF THIS TRANSCRIPT AND/OR EXHIBITS
MAY BE DESIGNATED CONFIDENTIAL/ATTORNEYS EYES ONLY
AFTER REVIEW OF TRANSCRIPT BY ATTORNEYS WITHIN 30
DAYS OF DATE OF DEPOSITION PER PROTECTIVE ORDER

PNC PLAZA DOWNTOWN
301 Fayetteville Street, Suite 1700
Raleigh, North Carolina

Reported by: Michelle Maar, RDR, RMR, FCRR

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23 NORTH CAROLINA STATE HEALTH PLAN/NORTH CAROLINA

DEPARTMENT OF THE STATE TREASURER

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1 APPEARANCES CONTINUED:

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3 of Public Safety:

4 NORTH CAROLINA DEPARTMENT OF JUSTICE

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8 NORTH CAROLINA DEPARTMENT OF JUSTICE

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1 A. You want me to read the whole section?

2 Q. You don't need to read it out loud.

3 I just want to give you an opportunity to read
4 it, just the bottom of that second page, and it continues
5 onto the top.

6 (Brief pause in the proceeding)

7 THE WITNESS: Okay.

8 BY MR. KNEPPER:

9 Q. Are you ready?

10 A. Sure.

11 Q. Do you believe that you suffer from a marked or
12 in the past have suffered from a marked incongruence
13 between your experienced or expressed gender and your
14 assigned gender?

15 A. I do believe so.

16 Q. Do you believe that was associated with
17 clinically significant distress or impairment in social,
18 occupational, or other important areas of functioning?

19 A. I do believe so with that, yes.

20 Q. Okay. What are, where does that clinically
21 significant distress or impairment manifest itself in your
22 life?

23 A. It's manifested in different ways. I think the
24 biggest one would be the constant thinking about that
25 inhibits like other activities cognitively because this is

1 always an incongruence you're having to apply.

2 So things like portraying myself as, when I was
3 working and presenting as a male required a lot of
4 cognitive load that wouldn't have otherwise been there.

5 Q. Do you think it -- did that impairment manifest
6 in depression?

7 A. I've never been diagnosed with depression.

8 Q. In anxiety?

9 A. I've never been diagnosed with anxiety.

10 Q. Do you think it manifested itself in depression?
11 You said you've never been diagnosed.

12 A. Again, I'm not a clinical psychologist, so I'm
13 not going to self-diagnose myself.

14 Q. Okay. So earlier we looked at a couple of
15 assessments by Dr. Barnhill and Dr. Yu that concluded you
16 were not depressed.

17 You would attribute accuracy to those diagnoses?

18 A. My understanding is those are just the screener
19 questions that would lead to more tests.

20 Q. But they said that you were not depressed.

21 Do you think that they were, they should have
22 inquired more closely?

23 A. Again, I'm not a clinical psychologist. I'm not
24 a medical doctor either.

25 Q. So yes or no or I don't know?

Exhibit 19

1 APPEARANCES:

2 On behalf of the Plaintiffs:

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of Public Safety:

16 NORTH CAROLINA DEPARTMENT OF JUSTICE

By: Alan McInnes (via teleconference)

17 114 W. Edenton Street

Raleigh, NC 27603

18 Amcinnes@ncdoj.gov

1 calm and happy?

2 A. Yes.

3 Q. What can you tell me about those times?

4 MR. GONZALEZ-PAGAN: Objection, form.

5 THE WITNESS: I've always been a pretty anxious
6 person. So I wasn't always calm and happy.

7 BY MR. KNEPPER:

8 Q. You said you've always been a pretty anxious
9 person. Does that mean that for as long as you can
10 remember, you've been anxious about something?

11 I'm trying to understand how you would describe
12 it. Is it that you've always had a little anxiety or
13 you've always felt anxious about things as long as you can
14 remember?

15 I'm trying to get some sense of time.

16 MR. GONZALEZ-PAGAN: Objection, form.

17 THE WITNESS: I've always felt -- for as long as
18 I can remember, I've always felt dysphoria which causes
19 anxiety.

20 BY MR. KNEPPER:

21 Q. So you tie your anxiety to your gender dysphoria?

22 A. Some of it, yes.

23 Q. Do you think -- do you continue to be anxious now
24 that your gender dysphoria is being treated?

25 A. Yes.

1 Q. Do you think the treatment of gender dysphoria
2 has reduced your anxiety?

3 A. Yes.

4 Q. When you told your mom you were a boy, did you
5 tell her about your feelings of anxiety?

6 A. Yes.

7 Q. Had you told your parents before about your
8 anxiety?

9 A. Well, I mean I was 11. I didn't know what
10 anxiety was. But I definitely expressed the feeling of
11 being anxious.

12 Q. So it was more of a sense than using the term
13 anxiety?

14 A. Correct.

15 Q. Is January 2017 about the time that you started
16 to meet with [REDACTED]?

17 A. I don't remember.

18 Q. Okay. Do you remember -- your next visit is in
19 March, involves a sore throat.

20 Do you remember going to a doctor for a sore
21 throat in March of your 6th grade year?

22 A. What page is that?

23 Q. Sorry -- Page 7145.

24 A. Can you repeat the question?

25 Q. The next visit in the records is a visit for a

Exhibit 20

IN THE UNITED STATES DISTRICT COURT FOR
THE MIDDLE DISTRICT OF NORTH CAROLINA

MAXWELL KADEL, et al.,)
)
Plaintiffs,)
) No. 1:19-cv-272-LCB-LPA
V.)
)
DALE FOLWELL, et al.,)
)
Defendants.)
_____)

DEPOSITION
OF
MICHAEL D. BUNTING

AUGUST 9, 2021

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AFTER REVIEW OF TRANSCRIPT BY ATTORNEYS WITHIN 30
DAYS OF DATE OF DEPOSITION PER PROTECTIVE ORDER

PNC PLAZA DOWNTOWN
301 Fayetteville Street, Suite 1700
Raleigh, North Carolina

Reported by: Michelle Maar, RDR, RMR, FCRR

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17 NORTH CAROLINA STATE HEALTH PLAN/NORTH CAROLINA
DEPARTMENT OF THE STATE TREASURER

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21 On behalf of Defendant State of North Carolina Department
of Public Safety:

22 NORTH CAROLINA DEPARTMENT OF JUSTICE

By: Alan McInnes (via teleconference)

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24 Amcinnes@ncdoj.gov

1 MS. EVANS: Object to form.

2 THE WITNESS: Because C B. had struggled with
3 anxiety. And I don't know that he had been diagnosed at
4 this point, but, but with depressive behavior, and this
5 openness about his gender was very freeing.

6 This appeared to be, the knowledge of what his
7 true gender was appeared to be the, a burden, if you will,
8 that he alone had carried for many years. And he was only
9 11.

10 BY MR. KNEPPER:

11 Q. And you had noticed anxiety and depressive
12 behavior before he had told you that he was a boy?

13 A. Yes.

14 Q. And had you been seeking medical care for it at
15 that time?

16 A. I don't recall the timeline for any treatment,
17 whether there was any prior to.

18 Q. But you think, you believe he had symptoms of
19 anxiety that caused you concern as his father?

20 A. Yes.

21 Q. What, what kinds of behaviors indicated the
22 anxiety at age 11?

23 A. As I recall, the behavior that was difficult for
24 me to understand was low grade anger, short temper over
25 what I would characterize as innocuous things, a general,

1 A. I see that, yes.

2 MS. EVANS: Object to form.

3 BY MR. KNEPPER:

4 Q. And there's also another insurance coverage
5 there, identified as BLUECRO2.

6 This is 2019, was [C.B.] covered by two different
7 insurance plans at that time?

8 A. I believe so, yes.

9 Q. What, what, what was the nature of [C.B.]'s
10 insurance coverage in 2019?

11 A. Can you be more specific?

12 Q. Were you covered by two insurance plans in 2019?

13 A. No.

14 Q. Was your wife covered by two insurance plans in
15 2019?

16 A. No.

17 Q. Was your other child covered by two insurance
18 plans in 2019?

19 A. No.

20 Q. Did [C.B.] have a separate policy through Blue
21 Cross Blue Shield of North Carolina in 2019?

22 A. He had supplemental insurance, additional
23 insurance. I don't know that it was through Blue Cross
24 Blue Shield.

25 Q. Do you remember signing [C.B.] up for that

1 insurance?

2 A. No. I don't specifically.

3 Q. Was that something your wife did?

4 A. Yes.

5 Q. Why did your wife sign up C.B. for supplemental
6 insurance?

7 MS. EVANS: Object to form.

8 THE WITNESS: To get coverage for medically
9 necessary treatment.

10 BY MR. KNEPPER:

11 Q. Is that treatment for C.B.'s gender dysphoria?

12 A. Gender dysphoria.

13 Q. So did your wife explain to you that -- you
14 mentioned earlier that the cost of the puberty blockers was
15 around 29,000 dollars. Is that correct?

16 MS. EVANS: Object to form.

17 BY MR. KNEPPER:

18 Q. Is my memory correct?

19 MS. EVANS: Object to form.

20 THE WITNESS: That is what I recall, yes.

21 BY MR. KNEPPER:

22 Q. And you discussed how you and your wife didn't
23 feel that you had the additional disposable income to be
24 able to pay for a 28,000 or 29,000 dollar medical bill in
25 the spring of 2019.

1 **C.B.** 's application and approval to buy a Marketplace
2 plan?

3 A. Yes.

4 Q. And your understanding is that plan did not, or
5 did cover gender dysphoria treatment for **C.B.**. Is that
6 correct?

7 A. It covered very specific medication.

8 Q. Okay.

9 A. Again, this goes back to it did not cover the
10 implant, but it would cover the injections.

11 Q. So this plan would not cover the implant either?

12 A. That's my understanding, that it did not cover
13 the implant.

14 Q. But it does cover the Lupron injection that
15 **C.B.** received?

16 A. Correct.

17 Q. Is **C.B.** still receiving the Lupron injection?

18 A. I don't know when he received the last one. I
19 think, I believe he has had his last one. I don't believe
20 he will get another one.

21 Q. But **C.B.** is still receiving testosterone
22 therapy. Is that correct?

23 A. Correct.

24 Q. And to the best of your knowledge, he'll receive
25 that for the rest of his life?

1 A. To the best of my knowledge, yes.

2 Q. Have you discussed surgery with [C.B.] for the
3 treatment of his gender dysphoria?

4 A. I don't believe he and I have discussed that, no.

5 Q. Have you discussed surgery for [C.B.] with
6 someone else?

7 A. Yes.

8 Q. Who?

9 A. His mother.

10 Q. Okay. What was that discussion?

11 A. The only discussion I can recall about that was
12 about the, his chest. And [C.B.] had expressed to her
13 concern that his chest wasn't as flat as he would like it
14 to be, as he believed it should be.

15 Q. Do you have a view about whether [C.B.] needs to
16 have surgery for that purpose?

17 MS. EVANS: Object to form.

18 THE WITNESS: My view is that I will likely
19 support [C.B.] in every way.

20 BY MR. KNEPPER:

21 Q. Would that extend to surgery on [C.B.]'s face to
22 make it appear more masculine?

23 A. I will participate in a conversation about that.
24 I will be open-minded about that if that were to ever come
25 up.

Exhibit 21

IN THE UNITED STATES DISTRICT COURT
FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
File No. 1:19-CV-00272

MAXWELL KADEL, et al.,)
)
Plaintiffs,)
)
vs.)
)
DALE FOLWELL, in his)
official capacity as State)
Treasurer of North)
Carolina, et al.,)
)
Defendants.)
-----)

DEPOSITION OF SAM SILVAINE

(Taken by Defendants)

Raleigh, North Carolina

Friday, August 20, 2021

10:00 a.m. - 2:57 p.m.

--Reporter: Tina Sarcia-Maxwell, RPR, CRR

A P P E A R A N C E S

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Grace Wynn, Esquire

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DEPARTMENT OF PUBLIC SAFETY:

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1 therapist. I provide support for life and mental
2 health concerns and helping people process them.

3 Q. Are you a licensed counselor in North
4 Carolina?

5 A. I am.

6 Q. What is the licensure regime you are
7 licensed as?

8 A. I'm licensed clinical mental health
9 counselor.

10 Q. And how long have you been a licensed
11 clinical mental health counselor?

12 A. I have been licensed in some form since
13 2015.

14 Q. You said "licensed in some form"?

15 A. There is provisional licensure that is
16 required to get the full licensure.

17 Q. How long were you provisionally licensed?

18 A. About two and a half years. I was fully
19 licensed in 2018, May.

20 Q. Are you covered by the State Health Plan
21 at this time?

22 A. I'm not.

23 Q. When were you covered by the State Health
24 Plan?

25 A. I was covered by the State Health Plan

1 from August 2016 through July 2018.

2 Q. Where were you working at the time?

3 A. I was working at the Counseling Center at
4 North Carolina State University.

5 Q. What did you do there?

6 A. I was a post master's fellow, which is
7 doing therapy but specifically also being trained
8 at the same time.

9 Q. And you said you were covered until
10 July 2018; did you leave North Carolina State at
11 that time?

12 A. I did.

13 Q. And where did you go?

14 A. I moved to Syracuse, New York.

15 Q. And what did you do in Syracuse?

16 A. I was in a doctoral program at Syracuse
17 University.

18 Q. What was the program;

19 A. Counselor of education, Ph.D.

20 Q. And how long were you a part of that
21 program?

22 A. Two full semesters.

23 Q. So when did you -- so you were in
24 Syracuse then from July or was it August of 2018?

25 A. Let me remember. I think it was early

1 Q. How about with other medical providers?

2 A. No, I don't believe so.

3 Q. When did you decide that you wanted to
4 pursue having top surgery?

5 MS. WYNN: Objection.

6 A. I don't think I specifically decided that
7 I wanted to pursue top surgery. Can you rephrase
8 the question.

9 Q. When did you first begin investigating
10 top surgery as a medical treatment for you?

11 MS. WYNN: Objection.

12 A. I experienced a lot of dysphoria around
13 my chest and knew that was a potential medical
14 option and began the process of consulting with
15 medical professionals about whether or not that
16 was recommended treatment.

17 Q. Who did you consult with?

18 A. Well, Dr. [REDACTED]. Dr. [REDACTED].

19 Q. Anyone else?

20 A. That's who comes to mind.

21 Q. At the time you began hormone replacement
22 therapy with [REDACTED], was that covered
23 by the State Health Plan?

24 A. It was.

25 Q. Did you ever have your testosterone

1 part of the procedure with the surgery as
2 scheduled on March 1, 2018?

3 A. Yes.

4 Q. If you hadn't signed this document, the
5 surgeon wouldn't have done the surgery?

6 A. Correct.

7 MS. WYNN: When you reach a natural
8 stopping point, maybe we can take a five-minute
9 break?

10 MR. KNEPPER: We can take a five-minute
11 break now.

12 (Recess)

13 (Exhibit No. 7, Financial History Document,
14 so marked)

15 BY MR. KNEPPER:

16 Q. This is Exhibit 7. We had previously
17 asked you about the cost of the surgery with
18 Dr. Emerson; you said it was about 7,000. Does
19 this refresh your memory?

20 A. Yes, it does.

21 Q. What was the total amount of surgery?

22 A. 7,100.

23 Q. Do you remember paying more than 7,100?

24 A. No, I don't remember doing that.

25 Q. This Exhibit 7 likely reflects the

1 entirety of the cost of Dr. [REDACTED]'s services?

2 A. For this specific surgery on this
3 specific day.

4 Q. Do you remember other costs for
5 Dr. [REDACTED]?

6 A. There might have been a consultation fee;
7 I don't recall specifically. I can only say yes
8 for this specific service.

9 Q. Now, I want to -- you said that you
10 reached out to Dr. [REDACTED]'s office upon learning
11 of the change in the State Health Plan; is that
12 correct?

13 A. That's correct.

14 Q. Did Dr. [REDACTED]'s ever communicate with
15 the State Health Plan, to the best of your
16 knowledge?

17 A. I'm uncertain.

18 Q. Did you ever determine whether the prior
19 preauthorization for this surgery would have been
20 honored by the State Health Plan?

21 A. I'm not certain. I don't know what they
22 did.

23 Q. Did anyone from the State Health Plan
24 ever tell you that you needed to change the
25 payment method for this surgery?

1 A. What do you mean by that?

2 Q. I'm trying to understand. You reached
3 out to Dr. [REDACTED]'s office and said there has
4 been a change in my insurance?

5 A. Yes.

6 Q. You suggested to Dr. [REDACTED] you needed
7 to go from an insurance paid to self-paid service;
8 is that correct?

9 A. They said that was my option.

10 Q. Did they ever verify that your insurance
11 no longer covered the surgery?

12 A. I'm not sure. I have no idea.

13 Q. Were you ever denied coverage of this
14 surgery by the State Health Plan?

15 A. When I spoke to somebody on the phone,
16 they told me it would no longer be covered.

17 Q. Did you explain to that person you
18 already had it set up?

19 A. Yes.

20 Q. Did you ever receive -- did you ever file
21 it with insurance for denial?

22 A. Post?

23 Q. Either pre- or post-surgery?

24 A. Besides the August one?

25 Q. Did anyone ever file that claim with

1 Q. The letter says you report "Nonconforming
2 gender behaviors throughout childhood and early
3 adolescence;" can you describe those, please?

4 A. Yes. Traditionally, boyish things, I
5 liked sports, you know, when I was really young,
6 dinosaurs and cars and things like that, and I
7 often wanted to be included in things more like
8 than what was expected of me. I really wanted to
9 be in Boy Scouts, for example.

10 Q. When did you first question the gender
11 you were assigned at birth?

12 A. Consciously, I would say by late 2015 I
13 really started thinking about it.

14 Q. Prior to that time, had you expressed
15 dissatisfaction with your gender?

16 A. I knew that I felt some discomforts. I
17 didn't have the language for it before then.

18 Q. What were the discomforts?

19 A. Being perceived as a woman. At the time,
20 I was uncomfortable with -- I was uncomfortable
21 with that. I didn't like the clothing I was
22 expected to wear. I didn't like the things I was
23 expected to be. I felt discomforts in my body.

24 (Exhibit No. 16, Letter by [REDACTED], so
25 marked)

Exhibit 22



Deposition of:
Dana Caraway
September 17, 2021

In the Matter of:
Kadel, et al vs. Folwell

Veritext Legal Solutions
800-734-5292 | calendar-dmv@veritext.com |

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE MIDDLE DISTRICT OF NORTH CAROLINA
3 Civil Action No. 1:19-cv-00272

4 MAXWELL KADEL, et al.,
5 Plaintiffs,

6 vs.

7 DALE FOLWELL, in his official
8 capacity as State Treasurer of
9 North Carolina, et al.,
10 Defendants.

11 * CONFIDENTIAL ATTORNEY EYES ONLY *

12 VIRTUAL ZOOM VIDEOTAPED DEPOSITION OF
13 SERGEANT DANA CARAWAY

14 (Taken by Defendants)

15 Morganton, North Carolina
16 Friday, September 17, 2021

17 Reported by Andrea L. Kingsley, RPR
18
19
20
21
22
23
24
25

1 A P P E A R A N C E S
2 ON BEHALF OF THE PLAINTIFFS (via Virtual Zoom):

3 David Brown, Esquire
4 Transgender Legal Defense &
5 Education Fund
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3 Virtual Zoom):

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25

VIDEOGRAPHER: Michael Kirby

VIRTUAL ZOOM VIDEOTAPED DEPOSITION
OF SERGEANT DANA CARAWAY, a witness called on
behalf of the Defendants pursuant to the
Federal Rules of Civil Procedure, before
Andrea L. Kingsley, Notary Public, in and for
the State of North Carolina, at Morganton,
North Carolina, on Friday, September 17, 2021,
commencing at 9:49 a.m.

1 seeing physical therapists three days per week.

2 Q. Does the State Health Plan cover the
3 cost of the physical therapy?

4 A. Yes. Except out-of-pockets and
5 deductibles.

6 Q. Did you submit any of your bills for the
7 surgical treatment to the State Health Plan?

8 A. Yes.

9 Q. What happened?

10 A. They denied everything.

11 Q. Did you attempt to get pre-authorization
12 for the surgical procedures?

13 A. Yes.

14 Q. And they denied that?

15 A. Yes.

16 Q. Do you have plans for any other
17 treatments in the future other than continuing the
18 drug therapy and continuing the physical therapy?

19 A. Yes.

20 Q. What is that?

21 A. Voice feminization surgery, facial
22 feminization surgery and the completion of laser
23 hair removal and electrolysis hair removal.

24 Q. Have you had any of these procedures or
25 are any of these procedures scheduled?

1 insurance against us, against me.

2 Q. Were you diagnosed by anyone with gender
3 dysphoria prior to 2018?

4 A. No.

5 Q. Can you describe the symptoms of gender
6 dysphoria for me please, as you experience them?

7 A. As I experience them? I will give you
8 the best answer I can. My desire to be in a proper
9 body fitting what I was supposed to have been born
10 as. I believe that I was -- I know that I was born
11 into the wrong body. I should have been born into
12 a body more consistent with female parts and
13 anatomy, and I've known about that since early
14 childhood.

15 Q. You testified that you've known that you
16 were born into the wrong body since early childhood.
17 What do you remember about the first time that you
18 knew that you were born into the wrong body?

19 A. I had a childhood friend when I was real
20 young, and probably at that point somewhere in
21 my -- I don't know, somewhere around four, five,
22 six, I was already cross dressing and wearing her
23 clothes and until I got caught and was punished
24 multiple times for wearing clothes not consistent
25 with what I was assigned at birth. As it went

1 along, my older age comes in, the years, my
2 dreams -- my desperations deepened knowing that I
3 was born into a male -- with male parts and not
4 what I should have been born as.

5 Q. So you used the phrase should have been
6 born as.

7 A. I did.

8 Q. Why do you say you should have been born
9 into a female body?

10 A. Because I'm a female that was born with
11 male parts.

12 Q. Do you believe that you have two X
13 chromosomes?

14 A. I'm not sure.

15 Q. Do you believe it's possible you have
16 two X chromosomes?

17 A. I'm not sure.

18 Q. You mentioned dreams. When did you
19 first experience dreams related to gender dysphoria?

20 A. Early age. As far back as I can
21 remember dreaming.

22 Q. What do you remember about the dreams?

23 A. That I was a female and born with the
24 wrong parts and knowing I should have been born
25 with a female's body parts and not punished for

1 that by society later on realizing what it was.

2 Q. Later on realizing what --

3 A. As I grew older, I become more aware of
4 what was going on.

5 Q. I'm sorry, could you repeat that last
6 phrase?

7 A. As I grew older, I become more aware of
8 what was going on with myself.

9 Q. Do you remember when you became more
10 aware?

11 A. Gradually. I'm sure it was a graduation
12 over time. To say that I can hit on one specific
13 date would be impossible.

14 Q. Did you ever seek information about your
15 feelings of gender dysphoria before the age of 18?

16 A. To be honest, Mr. Knepper, it was prior
17 to the internet age. I lived in Morganton, North
18 Carolina, and there was nowhere to turn to to look
19 for that kind of help without being ridiculed or
20 sent to a home for mental issues even though I
21 wasn't facing mental issues. If I could have found
22 a place that would have supported me and accepted
23 me, absolutely, I would have years prior.

24 Q. When did you first find information?
25 Was it the internet age?

1 consolidation of your gender identity with your
2 expressed gender?

3 MR. BROWN: Objection to the form.

4 A. Same question you asked.

5 Q. Sergeant Caraway, what is your gender
6 identity?

7 A. I don't have a gender identity. I am a
8 female.

9 Q. Have you always expressed the female
10 gender in your presentation to others?

11 A. No.

12 Q. Did that failure to express the female
13 gender in your presentation to others cause you
14 discomfort?

15 A. It caused me distress, mental anguish,
16 hurt, harm, dysphoria, sleeplessness, restlessness,
17 weight issues, relationship problems, career
18 problems. Everything was centered around with me
19 having to hide the fact that I was female and born
20 in the wrong body.

21 Q. Do you believe that treatment for your
22 gender dysphoria will resolve your concerns about
23 sleeplessness?

24 A. I'm sorry, the last one one more time.

25 Q. Do you believe the treatment for your